

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Barry County	County Barry
Audit Date December 31, 2003	Opinion Date March 25, 2004	Date Accountant Report Submitted to State: June 30, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised **JUN 30 2004**
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<b>X</b>		
Reports on individual federal financial assistance programs (program audits).			<b>X</b>
Single Audit Reports (ASLGU).	<b>X</b>		

Certified Public Accountant (Firm Name) <b>Abraham &amp; Gaffney, P.C.</b>			
Street Address <b>108 Spring St.</b>	City <b>St. Johns</b>	State <b>MI</b>	ZIP <b>48879</b>
Accountant Signature <i>Abraham &amp; Gaffney, P.C. Steve R. K... CPA</i>			

**Barry County, Michigan**  
**FINANCIAL STATEMENTS**  
**December 31, 2003**

Barry County, Michigan

December 31, 2003

BOARD OF COMMISSIONERS

Jeffrey MacKenzie	Chairperson
Sandra James	Vice Chairperson
Kenneth Neil	Commissioner
James French	Commissioner
Wayne Adams	Commissioner
Clare Tripp	Commissioner
Thomas Wing	Commissioner
Donald Nevins	Commissioner

ADMINISTRATION AND OTHER ELECTED OFFICIALS

Michael Brown	Administrator
Susan VandeCar	Treasurer
Debbie Smith	Clerk
Darla Burghdoff	Register of Deeds
Tom Doyle	Drain Commissioner
Gordon Shane McNeill	Prosecuting Attorney
Stephen DeBoer	Sheriff
Richard Shaw	Probate Court Judge
Gary Holman	District Court Judge
James Fisher	Circuit Court Judge

Barry County, Michigan

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Principals

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Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA

Karen A. Roka, CPA  
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**ABRAHAM & GAFFNEY, P.C.**  
Certified Public Accountants

Member:  
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Certified  
Public Accountants  
and  
Michigan Association of  
Certified Public  
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
of Barry County  
Hastings, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Barry County, Michigan as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Barry County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Barry County Road Commission or the Barry County Medical Care Facility (Thornapple Manor). The Barry County Road Commission represents 66% and 79%, respectively of the total assets and revenues of the component units. Thornapple Manor represents 54% and 84%, respectively of the total assets and revenues of the enterprise funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for the Road Commission and Medical Care Facility is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

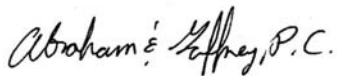
In our opinion, based on our audit and the audits of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Barry County, Michigan as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the County has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of January 1, 2003, along with all related statements and interpretations.

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2004 on our consideration of Barry County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 13 and 70 through 76 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Barry County's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Abraham & Gaffney, P.C.".

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

March 25, 2004

## Management's Discussion and Analysis

As management of the County of Barry, Michigan (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2003. This analysis should be read in conjunction with the *Independent Auditors Report*, beginning on page 1 of this report, and with the County's financial statements, which follow this section. 2003 represents the first year the County implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 37 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments - Omnibus* and Statement No. 38 *Certain Financial Statement Note Disclosures* and all related interpretations. Therefore, this discussion and analysis provides few comparisons with the previous year. Future reports will include financial comparisons to the prior year as required by GASB.

Certain limited financial information is presented with respect to the Barry County Road Commission, the Barry County Medical Care Facility (Thornapple Manor), and the Barry County Transit in the Management Discussion and Analysis. The reader should refer to those entities separately issued financial statements for more detailed information.

### Financial Highlights

#### Government-wide:

- Total net assets were \$29,090,008 (excluding discretely presented component units).
- Governmental activities net assets were \$17,844,277.
- Business-type activity net assets were \$11,245,731.
- Discretely presented component unit net assets were \$26,695,319.

#### Fund Level:

- At the close of the year, the County's governmental funds reported a combined ending fund balance of \$5,907,922 with \$341,847 being reserved, designated, or otherwise earmarked for specific purposes.
- The General Fund realized \$12,568 less in revenues and other financing sources than anticipated for the fiscal year. However, General Fund operations also expended \$204,728 less than appropriated.
- Overall, the General Fund balance had a net decrease of \$25,000 due to a prior period adjustment to \$2,145,917 with \$2,074,092 undesignated or available for general purposes.

#### Capital and Long-term Debt Activities:

- The primary government issued two (2) new debt issues for the year in the form of Refunding Bonds in the amounts of \$1,860,000 and \$1,935,000.
- The total long-term debt for the primary government was \$8,495,134 with a net reduction of \$359,491 from the prior year.
- The Drainage Districts issued \$17,000 in new long-term notes and other debt.



- The total long-term debt for the component units (Drainage Districts, Airport, and Board of Public Works only) was \$9,711,723 with a net reduction of \$762,129 from the prior year.
- The long-term debt for the Road Commission was \$218,293.
- The County remains well below its authorized legal debt limit.
- The total additions to the capital asset schedule for the primary government was \$2,059,280 and included significant completion of the Health/Commission on Aging building project and the Barry Transit building and improvements project.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's annual financial report. The annual financial report of the County consists of the following components: 1) Independent Auditors Report, 2) Management's Discussion and Analysis, and 3) the Basic Financial Statements (government-wide financial statements, fund financial statements, notes to the financial statements), Required Supplementary Information such as budget to actual comparisons for the General Fund and major Special Revenue Funds, and Other Supplementary Information including combining financial statements for all non-major governmental funds and proprietary funds.

### **Government-wide Financial Statements (Reporting the County as a Whole)**

The set of government-wide financial statements are made up of the Statement of Net Assets and the Statement of Activities, which report information about the County as a whole, and about its activities. Their purpose is to assist in answering the question, is the County, in its entirety, better or worse off as a result of this fiscal year's activities? These statements, which include all non-fiduciary assets and liabilities, are reported on the *accrual basis of accounting*, similar to a private business. This means revenues are accounted for when they are *earned* and expenses are accounted for when *incurred*, regardless of when the actual cash is received or disbursed.

The Statement of Net Assets (page 14) presents all of the County's assets and liabilities, recording the difference between the two as "net assets". Over time, increases or decreases in net assets measure whether the County's financial position is improving or deteriorating.

The Statement of Activities (page 15) presents information showing how the County's net assets changed during 2003. All changes in net assets are reported based on the period for which the underlying events giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in these statements for some items that will only result in cash flows in future financial periods, such as uncollected taxes and earned but unused employee annual leave.

Both statements report the following activities:

- ***Governmental Activities*** - Most of the County's basic services are reported under this category. Taxes, charges for services and intergovernmental revenue primarily fund these services. Most of the County's general government departments, law enforcement, the courts, the Board of Commissioner operations, and other County-wide elected official operations are reported under these activities. This also includes the special revenue funds such as the Commission on Aging and Friend of the Court Funds.

- ***Business-type Activities*** - These activities operate like private businesses. The County charges fees to recover the cost of the services provided. The Barry County Medical Care Facility Fund and the Tax Umbrella Fund are examples of these activities.
- ***Discretely Presented Component Units*** - Discretely Presented Component Units are legally separate organizations for which the Board of Commissioners appoints a majority of the organization's policy board and there is a degree of financial accountability to the County. Five organizations are included as discretely presented component units: the Barry County Board of Public Works, the Barry County Road Commission, the Airport, Barry County Economic Development, and the Drainage Districts.

As stated previously, the government-wide statements report on an *accrual* basis of accounting. However, the governmental funds report on a *modified accrual* basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period, expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statements, pages 17 and 20 present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statements of the governmental funds; however depreciation expense is reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures on the fund financial statements of the governmental funds.
- Internal service funds are reported as governmental activities on the government-wide statements, but are reported as proprietary funds on the fund financial statements.
- Long-term liabilities, such as reserves for sick and annual leave (compensated absences), etc. appear as liabilities on the government-wide statements; however they will not appear on the fund financial statements unless current resources are used to pay a specific obligation.
- Bond proceeds are reported as liabilities on the government-wide statements, but are recorded as other financing sources on the fund financial statements.

In addition, it should be noted that the government-wide financial statements include the net value of the County's general capital assets such as buildings, land, cars, computer equipment, etc. These values are not included in the fund financial statements.

### **Fund Financial Statements (Reporting the County's Major Funds)**

The fund financial statements, which begin on page 16, provide information on the County's significant (major) funds, and aggregated non-major funds. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar.

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the County uses to keep track of specific sources of funding and spending for a particular purpose. State law or policy requires some separate funds, such as the Commission on Aging and Child Care Fund; other funds are required by bond or grant agreements, such as the Friend of the Court Fund. Funds are also utilized to track specific operations; these include the internal services funds (e.g. Fringe Benefits) as well as enterprise funds such as the Medical Care Facility and the Delinquent Tax Funds.

The *basic financial statements* report major funds as defined by the Government Accounting Standards Board (GASB) in separate columns. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds *and* where the individual fund total also exceeds five (5) percent of those categories for governmental and enterprise funds combined. The major funds for Barry County include the General Fund, the Delinquent Tax Umbrella Fund, the Central Dispatch Fund, and the Medical Care Facility Fund. All other funds are classified as non-major funds and are reported in aggregate by the applicable fund type. The County includes detailed information on its non-major funds in other supplementary sections of this report.

The County's funds are divided into three categories - governmental, proprietary, and fiduciary - and use different accounting approaches:

**Governmental Funds** - Most of the County's basic services are reported in the governmental funds. The focus of these funds is how cash and other financial assets that can be readily converted to cash, flow in and out during the course of the fiscal year and how the balances left at year-end are available for spending on future services. Consequently, the governmental fund financial statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that may be expended in the near future to finance the County's programs. Governmental funds include the *General Fund*, as well as *Special Revenue Funds*, *Capital Projects Funds* (used to report major capital acquisitions and construction), and *Debt Service Funds* (accounts for resources used to pay long-term debt principal and interest).

**Proprietary Funds** - Services for which the County charges customers (whether outside the County structure or a County department) a fee are generally reported in proprietary funds. Proprietary funds use the same *accrual* basis of accounting used in the government-wide statements and by private business. There are two types of proprietary funds. *Enterprise funds* report activities that provide supplies and/or services to the general public. An example is Thornapple Manor. *Internal Service funds* report activities that provide supplies or service to the County's other operations, such as the Fringe Benefits Fund. Internal Service funds are reported as governmental activities on the government-wide statements.

**Fiduciary Funds** - The County acts as a trustee or fiduciary in certain instances. It is also responsible for other assets that, because of trust arrangements, can only be used for the trust beneficiaries. The County's fiduciary activities are reported in separate statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 29 and 30. These funds, which include trust and agency funds and the Library (Penal Fines) Fund, are reported using the accrual basis of accounting. The government-wide statements *exclude* the fiduciary fund activities and balances because these assets are not available to the County to fund its operations.

**Notes to the Financial Statements** - The Notes to the Financial Statements provide additional information that is essential to a full understanding of the detail provided in the government-wide and fund financial statements. The Notes can be found on pages 34-69 of this report.

**Required Supplementary Information** - Following the Basic Financial Statements is additional Required Supplementary Information (RSI). The purpose of the RSI is to explain and support the information in the financial statements. RSI includes a budgetary comparison schedule for the General Fund and the major special revenue funds.

**Other Supplementary Information** - Other Supplementary Information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds, except for the fiduciary funds, are added together, by fund type, and are presented in aggregate single columns in the appropriate basic financial statements.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As previously stated, Barry County's combined net assets were \$29,090,008 at the end of this fiscal year's operations. The net assets of the governmental activities were \$17,844,277; the business-type activities were \$11,245,731.

### Net Assets as of December 31, 2003

	<b><u>Governmental Activities</u></b>	<b><u>Business Type Activities</u></b>	<b><u>Total Primary Government</u></b>
Current and Other Assets	\$ 19,592,921	\$ 9,101,675	\$ 28,694,596
Non Current Assets	<u>14,317,382</u>	<u>8,015,231</u>	<u>22,332,613</u>
<b>Total Assets</b>	<b><u>\$ 33,910,303</u></b>	<b><u>\$17,116,906</u></b>	<b><u>\$ 51,027,209</u></b>
Current Liabilities	\$ 11,573,433	\$ 3,771,175	\$ 15,344,608
Other Liabilities	<u>4,492,593</u>	<u>2,100,000</u>	<u>6,592,593</u>
<b>Total Liabilities</b>	<b><u>\$ 16,066,026</u></b>	<b><u>\$ 5,871,175</u></b>	<b><u>\$ 21,937,201</u></b>
Net Assets			
Invested in Capital Assets (Net of related debt)	\$ 9,628,007	\$ 1,935,523	\$ 11,563,530
Restricted	5,623,643	4,015,574	9,639,217
Unrestricted	<u>2,592,627</u>	<u>5,294,634</u>	<u>7,887,261</u>
<b>Total Net Assets</b>	<b><u>\$ 17,844,277</u></b>	<b><u>\$11,245,731</u></b>	<b><u>\$ 29,090,008</u></b>

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the County's net assets changed during the year:

**Changes in Net Assets for the Year Ended December 31, 2003**

	<b><u>Governmental Activities</u></b>	<b><u>Business Type Activities</u></b>	<b><u>Total</u></b>
<b>Revenues</b>			
Charges for Services	\$ 3,605,377	\$ 9,118,127	\$ 12,723,504
Grants and Contributions	3,448,103	173,749	3,621,852
General Revenues			
Property Taxes	7,985,126	1,081,434	9,066,560
State Revenues	1,242,264	721,817	1,964,081
Investment Earnings	146,642	239,409	386,051
Miscellaneous	<u>145,441</u>	<u>352,598</u>	<u>498,039</u>
<b>Total Revenues</b>	<b>16,572,953</b>	<b>11,687,134</b>	<b>28,260,087</b>
<b>Expenses</b>			
General Government	6,778,523	-	6,778,523
Public Safety	5,266,503	-	5,266,503
Public Works	81,544	-	81,544
Health and Welfare	3,281,311	-	3,281,311
Community and Econ. Dev.	209,449	-	209,449
Recreation and Cultural	513,853	-	513,853
Interest on long-term debt	234,022	-	234,022
Delinquent Tax	-	5	5
Thornapple Manor	-	8,770,698	8,770,698
Other	<u>-</u>	<u>759,201</u>	<u>759,201</u>
<b>Total Expenses</b>	<b><u>16,365,205</u></b>	<b><u>9,529,904</u></b>	<b><u>25,895,109</u></b>
Excess (deficiency)	207,748	2,157,230	2,364,978
Transfers	<u>1,980,886</u>	<u>(1,908,462 )</u>	<u>72,424</u>
<b>Increase in Net Assets</b>	<b>2,188,634</b>	<b>248,768</b>	<b>2,437,402</b>
Net Assets - Beginning	15,524,998	11,011,476	26,536,474
Prior Period Adjustments	<u>130,645</u>	<u>( 14,513 )</u>	<u>116,132</u>
<b>Net Assets - Ending</b>	<b><u>\$ 17,844,277</u></b>	<b><u>\$11,245,731</u></b>	<b><u>\$ 29,090,008</u></b>

**Governmental Activities:**

The result of 2003 governmental activities was an increase of \$2,319,279 in net assets, including prior period adjustments, to \$17,844,277. Of the total governmental activities' net assets, \$9,628,007 is invested in capital assets less related debt, \$5,623,643 is reported as restricted, meaning these assets are legally committed for a specific purpose through statute, or by another authority outside the County government. The balance of \$2,592,627 is listed as unrestricted, having no legal commitment.

### **Revenues:**

The three largest revenue categories were property taxes at 48%, charges for services at 22%, and grants and contributions at 21%. The County levies multiple property tax millages for the 2002 tax year (which was recognized as revenue in 2003). Millage rates for the 2002 levies for applicable funds are as follows, General 4.8937 mills, County Parks and Recreation .2359 mills, Commission on Aging .2359 mills, Central Dispatch .7500 mills, and Thornapple Manor .8500 mills. Charges for services, which reimburse the County for specific activities, are the second largest source of governmental activity revenue. Examples include District Court fees and services, Clerk's Office filing fees, and Register of Deeds filing fees.

### **Expenses:**

General government is the largest governmental activity, expending over \$6.7 million of the \$16 million total and includes offices such as District Court, Juvenile Court, Prosecuting Attorney, Board of Commissioners, Treasurer, Clerk, Register of Deeds, Elections and MSU Extension. Public Safety is the second governmental activity, expending over \$5.2 million. Expenditures grew in this activity as a result of homeland security measures instituted post 9/11. It also includes the Sheriff Road Patrol and Jail operations. Health and Welfare is the third largest area, expending over \$3.2 million, and includes the Medical Examiner, District Health, Veterans Affairs, and Substance Abuse.

### **Business-type Activities:**

Net assets in business-type activities increased by \$234,255 during 2003, including prior period adjustments.

Of the total \$11.2 million of net assets in the business type activities, \$5.3 million is reported as unrestricted. However, it is important to note that although reported as unrestricted, many of these assets are anticipated to be designated through Board of Commissioners action to be spent on General Fund activities and self-funding of delinquent tax payments in future years.

## **FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR AND NON MAJOR FUNDS**

As the County completed 2003, its governmental funds reported *combined* fund balances of \$5,907,922. This is a net increase of \$587,207, including prior period adjustments. The net changes are summarized in the following chart:

	<b>General Fund</b>	<b>Central Dispatch</b>	<b>Other Non Major Governmental Funds</b>
<b>Fund Balance 12/31/02</b>	\$2,170,917	\$1,203,979	\$1,945,819
<b>Fund Balance 12/31/03</b>	2,145,917	1,318,422	2,443,583
<b>Net Change</b>	<b>\$ ( 25,000 )</b>	<b>\$ 114,443</b>	<b>\$ 497,764</b>

The General Fund balance decreased by \$25,000. This was due to an equity transfer out of \$25,000 to establish the new Master Land Use Plan Fund. The Central Dispatch fund increased by \$114,443 mainly due to an increase in tax revenue caused by an increase in the millage rate and taxable values. The combined other non-major funds increased by \$497,764 due mainly to the net increase in transfers for certain Special Revenue Funds, increased donations in the Animal Shelter Fund, the establishment of some new Special Revenue Funds, and reduced costs and consistent revenue in other funds.

### **General Fund:**

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement or Board policy, all County revenues and expenditures are recorded in the General Fund. As of December 31, 2003, the General Fund reported a fund balance of \$2.1 million. This amount is a net decrease of \$25,000 from the fund balance reported as of December 31, 2002. Of the total fund balance, \$71,825 is reserved, designated or earmarked for specific purposes.

The General Fund 2003 revenues exceeded 2003 expenditures by \$1,952,570, however, the General Fund also supports the operations of a significant number of other funds. The County transfers in some of the Delinquent Tax Fund surplus to offset these transfers out. When these transfers are taken into account, the General Fund fund balance as of December 31, 2003 was \$25,000 less than the fund balance as of December 31, 2002.

### **General Fund Budgetary Highlights:**

Barry County's budget is a dynamic document. Although adopted in December (prior to the start of the year), the budget is frequently amended during the course of the year to reflect changing operational demands.

Actual General Fund revenue and other financing sources totaled \$11,568,012, \$12,568 below the final amended budget. Although the bottom line actual varied little from the final amended budget, there were some wide variations in individual revenue accounts reflecting the tightening national and local economy. Significantly, investment income fell \$159,722 below anticipated levels due to reduced market interest rates. Fortunately, the County received \$171,005 more revenue than anticipated in State Revenue Sharing due to actual amounts coming in at slightly better than anticipated.

The County's expenditure budget was increased by \$418,246 (3.7% above the original budget) during 2003. A majority of the amendments were simply inflationary modifications in various activities to better align the budgetary figures once up-to-date data became available.

Actual County expenditures for 2003 were \$204,728 below budget. This is mainly due to the net effect of several departments reducing their overall costs within their applicable department to under the amount budgeted and net overages related to budget vs. actual related to transfers out to various other County funds.

### **Central Dispatch Fund:**

Central Dispatch is a 24 hour a day, 7 days a week dispatch facility. This department answers all emergency and non-emergency calls for service for police, fire, and EMS in Barry County. The program is primarily funded by a millage. As of December 31, 2003, the Central Dispatch Fund reported a fund balance of \$1,318,422, an increase of \$114,443 from the prior year. Of the total fund balance, \$125,000 is designated.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - At the end of 2003, the County had invested \$16,697,820 and \$2,415,096 for the discretely presented component units (excluding the Road Commission, see separately issued financial statements), net of accumulated depreciation, in a broad range of capital assets (see table below). Accumulated depreciation was \$10,840,884 for the primary government. Depreciation charges for the fiscal year totaled \$932,604 for the primary government and \$156,936 for the discretely presented component units (excluding the Road Commission).

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Units Drains</b>	<b>Component Unit Airport</b>	<b>Total</b>
<b>Land</b>	\$ 2,653,096	\$ -	\$ -	\$ -	<b>\$ 2,653,096</b>
<b>Land improvements, net</b>	263,199	64,762	-	914,830	<b>1,242,791</b>
<b>Buildings, net</b>	8,818,099	3,032,280	-	113,960	<b>11,964,339</b>
<b>Vehicles and Equipment, net</b>	827,903	1,038,481	-	10,738	<b>1,877,122</b>
<b>Drains, net</b>	-	-	1,375,568	-	<b>1,375,568</b>
<b>Capital assets, net</b>	<b><u>\$ 12,562,297</u></b>	<b><u>\$ 4,135,523</u></b>	<b><u>\$ 1,375,568</u></b>	<b><u>\$ 1,039,528</u></b>	<b><u>\$ 19,112,916</u></b>

Long-term Debt - As of December 31, 2003, the County had \$8,495,134 in bonds, loans and accumulated vacation and sick time outstanding for the primary government. The amount, \$7,910,000 was bonds with unlimited or limited taxing authority. This level of net obligation is \$359,491 less than the obligation recorded as of December 31, 2002. In addition, the County uses its full faith and credit (as a secondary obligator), to back the Airport, Board of Public Works, and Drainage District component unit debt. The Drain Commission administers debt for various local drainage districts and water and sewer systems for local municipalities in Gratiot County. All drain debt is payable out of assessments against the drainage districts or by contractual agreements with local units of government.



**Outstanding Debt as of December 31, 2003:**

<b>Primary Government</b>	<b><u>Jan. 1, 2003</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Dec. 31, 2003</u></b>
Governmental Activities				
Direct County Obligations	\$ 5,002,000	\$3,795,000	\$ 4,033,000	\$ 4,764,000
Loans Payable	157,935	-	52,645	105,290
Accumulated vacation and sick	<u>433,690</u>	<u>46,154</u>	<u>-</u>	<u>479,844</u>
	5,593,625	3,841,154	4,085,645	5,349,134
Business-type Activities				
General Obligations	<u>3,261,000</u>	<u>2,600,000</u>	<u>2,715,000</u>	<u>3,146,000</u>
<b>Total Primary Government</b>	8,854,625	6,441,154	6,800,645	8,495,134
<b>Component Units</b>				
Road Commission				
Bonds	570,000	-	570,000	-0-
Installment Loans	58,720	-	29,360	29,360
Accumulated compensated absences	<u>192,494</u>	<u>-</u>	<u>3,561</u>	<u>188,933</u>
	821,214	-0-	602,921	218,293
Board of Public Works				
Water and Sewer Bonds	10,210,000	2,045,778	2,780,000	9,475,778
Drainage Districts				
Drain Bonds and Notes	171,952	17,000	36,434	152,518
Airport				
Loan payable	<u>91,900</u>	<u>-</u>	<u>8,473</u>	<u>83,427</u>
<b>Total Component Units</b>	<u>11,295,066</u>	<u>2,062,778</u>	<u>3,427,828</u>	<u>9,930,016</u>
<b>Total Reporting Entity</b>	<b><u>\$20,149,691</u></b>	<b><u>\$8,503,932</u></b>	<b><u>\$10,228,473</u></b>	<b><u>\$ 18,425,150</u></b>
<b>Debt Limit (10% of SEV)</b>				<b>\$133,505,483</b>
<b>Available Statutory Debt Limit</b>				<b>\$115,080,333</b>

All the issuances that occurred during the year along with other changes in long-term debt in addition to a more detailed discussion of the County's long-term debt obligations is presented in Note H to the financial statements.

**Limitations on Debt:**

State statute limits the County's debt obligations to 10 percent of the current state equalized value (SEV). The County's SEV as of December 31, 2003 was \$1.335 billion; therefore the County's debt limitation was \$133.5 million. The County remains well below its legal debt limit by over \$115 million.

## **BARRY COUNTY GOVERNMENT ECONOMIC OUTLOOK:**

Barry County has adopted balanced budgets for the last ten consecutive years, including 2003 and 2004. During 2003, unreserved fund balance was at \$2,074,092. Barry County adopted a budget for 2004 that anticipates a surplus of \$218,000. During 2002, a general slowdown in the national and state economy created considerable state budget difficulties, requiring the state to reduce revenue sharing and other statutory payments to local units of government. In preparing the 2004 budget during the summer of 2003, knowing that the state was threatening to reduce local government revenue sharing payments, the County levied the maximum allowable rate, which was .7 mills over the previous year. The County remains in stable financial condition.

## **CONTACTING THE COUNTY**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If there are questions about this report, or a need for additional information, contact the Barry County Administrator's Office at the Barry County Courthouse in Hastings, Michigan, (269) 945-1283.

## **BASIC FINANCIAL STATEMENTS**

## Barry County, Michigan

## STATEMENT OF NET ASSETS

December 31, 2003

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,909,887	\$ 2,936,893	\$ 4,846,780	\$ 1,772,203
Investments	6,367,295	3,119,486	9,486,781	256,121
Receivables	9,948,494	2,912,381	12,860,875	11,473
Due from other governmental units	1,000,740	-	1,000,740	847,256
Due from other funds	140,000	-	140,000	-
Inventories	-	-	-0-	762,202
Prepaid expenses	-	-	-0-	822
Other current assets	-	132,915	132,915	-
Current portion of special assessment receivable	-	-	-0-	159,834
Current portion of lease receivable	226,505	-	226,505	963,310
Total current assets	19,592,921	9,101,675	28,694,596	4,773,221
Non-current assets				
Investments, restricted	-	3,879,708	3,879,708	-
Lease receivable	1,710,000	-	1,710,000	8,585,778
Advance to fiduciary fund	1,000	-	1,000	-
Advance to component unit	44,085	-	44,085	-
Capital assets, net	12,562,297	4,135,523	16,697,820	23,561,537
Total non-current assets	14,317,382	8,015,231	22,332,613	32,147,315
TOTAL ASSETS	33,910,303	17,116,906	51,027,209	36,920,536
LIABILITIES				
Current liabilities				
Accounts payable	230,359	419,298	649,657	115,546
Accrued liabilities	429,464	874,632	1,304,096	41,784
Due to other governmental units	90,658	22,480	113,138	16,675
Due to other funds	-	140,000	140,000	-
Due to fiduciary funds	3,923	-	3,923	-
Accrued interest payable	22,461	-	22,461	77,111
Deferred revenue	9,940,027	1,268,765	11,208,792	-
Current portion of compensated absences	319,896	-	319,896	-
Current portion of long-term debt	536,645	1,046,000	1,582,645	970,323
Total current liabilities	11,573,433	3,771,175	15,344,608	1,221,439
Non-current liabilities				
Advance from primary government	-	-	-0-	44,085
Non-current portion of compensated absences	159,948	-	159,948	188,933
Non-current portion of long-term debt	4,332,645	2,100,000	6,432,645	8,770,760
Total non-current liabilities	4,492,593	2,100,000	6,592,593	9,003,778
TOTAL LIABILITIES	16,066,026	5,871,175	21,937,201	10,225,217
NET ASSETS				
Invested in capital assets, net of related debt	9,628,007	1,935,523	11,563,530	23,296,232
Restricted for:				
Public safety	1,434,139	-	1,434,139	-
Debt service	198,374	184,358	382,732	236,591
Capital improvements	30,823	-	30,823	257,863
Other purposes	3,960,307	3,831,216	7,791,523	2,904,633
Unrestricted	2,592,627	5,294,634	7,887,261	-
TOTAL NET ASSETS	\$ 17,844,277	\$11,245,731	\$ 29,090,008	\$ 26,695,319

See accompanying notes to financial statements.

Barry County, Michigan

STATEMENT OF ACTIVITIES

Year Ended December 31, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities								
General government	\$ 6,778,523	\$ 2,469,938	\$ 1,477,689	\$ -	\$ (2,830,896)	\$ -	\$ (2,830,896)	\$ -
Public safety	5,266,503	356,138	605,303	139,529	(4,165,533)	-	(4,165,533)	-
Public works	81,544	34,603	-	-	(46,941)	-	(46,941)	-
Health and welfare	3,281,311	535,252	1,205,370	-	(1,540,689)	-	(1,540,689)	-
Community and economic development	209,449	46,775	-	-	(162,674)	-	(162,674)	-
Recreation and cultural	513,853	162,671	3,000	17,212	(330,970)	-	(330,970)	-
Interest on long-term debt	234,022	-	-	-	(234,022)	-	(234,022)	-
Total governmental activities	16,365,205	3,605,377	3,291,362	156,741	(9,311,725)	-0-	(9,311,725)	-0-
Business-type activities:								
Delinquent tax	5	342,095	-	-	-	342,090	342,090	-
Thornapple Manor	8,770,698	8,149,240	173,749	-	-	(447,709)	(447,709)	-
Other	759,201	626,792	-	-	-	(132,409)	(132,409)	-
Total business-type activities	9,529,904	9,118,127	173,749	-0-	-0-	(238,028)	(238,028)	-0-
Total primary government	<u>\$ 25,895,109</u>	<u>\$ 12,723,504</u>	<u>\$ 3,465,111</u>	<u>156,741</u>	<u>(9,311,725)</u>	<u>(238,028)</u>	<u>(9,549,753)</u>	<u>-0-</u>
Component units:								
Drainage Districts	63,550	5,020	-	171,680	-	-	-0-	113,150
Board of Public Works	657,682	-	1,500,099	-	-	-	-0-	842,417
Economic Development	94,000	-	-	-	-	-	-0-	(94,000)
Airport	238,463	7,008	21,350	-	-	-	-0-	(210,105)
Road Commission	6,192,929	28,776	6,559,012	217,467	-	-	-0-	612,326
Total component units	<u>\$ 7,246,624</u>	<u>\$ 40,804</u>	<u>\$ 8,080,461</u>	<u>\$ 389,147</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,263,788</u>
General revenues:								
Property taxes					7,985,126	1,081,434	9,066,560	-
State revenues					1,242,264	721,817	1,964,081	-
Investment earnings					146,642	239,409	386,051	28,960
Miscellaneous					145,441	352,598	498,039	76,642
Transfers					1,980,886	(1,908,462)	72,424	97,350
Total general revenues and transfers					11,500,359	486,796	11,987,155	202,952
Change in net assets					2,188,634	248,768	2,437,402	1,466,740
Net assets, beginning of the year					15,524,998	11,011,476	26,536,474	24,874,591
Prior period adjustments					130,645	(14,513)	116,132	353,988
Net assets, end of the year					<u>\$ 17,844,277</u>	<u>\$ 11,245,731</u>	<u>\$ 29,090,008</u>	<u>\$ 26,695,319</u>

See accompanying notes to financial statements

## Barry County, Michigan

## GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2003

	General	Central Dispatch	Other Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ (3,116,810)	\$ 651,985	\$ 2,236,653	\$ (228,172)
Investments	4,815,865	672,877	194,773	5,683,515
Receivables				
Accounts	-	-	1,202	1,202
Taxes	7,928,917	1,350,568	660,542	9,940,027
Contracts	1,000	-	-	1,000
Interest	1,477	2,437	710	4,624
Due from others	539	-	-	539
Due from other funds	140,000	-	-	140,000
Due from other governmental units				
Federal/State	697,490	28,721	237,787	963,998
Local	-	-	36,742	36,742
Advances to other funds	1,000	-	-	1,000
Advance to component unit	44,085	-	-	44,085
<b>TOTAL ASSETS</b>	<b>\$ 10,513,563</b>	<b>\$ 2,706,588</b>	<b>\$ 3,368,409</b>	<b>\$ 16,588,560</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 155,304	\$ -	\$ 61,566	\$ 216,870
Accrued payroll	250,037	33,002	91,389	374,428
Accrued liabilities	30,577	4,596	16,748	51,921
Due to other funds	2,811	-	3,923	6,734
Due to state	-	-	90,658	90,658
Deferred revenue	7,928,917	1,350,568	660,542	9,940,027
<b>TOTAL LIABILITIES</b>	<b>8,367,646</b>	<b>1,388,166</b>	<b>924,826</b>	<b>10,680,638</b>
<b>FUND BALANCES</b>				
Reserved for specific purposes	71,825	-	135,464	207,289
Unreserved				
Designated	-	125,000	9,558	134,558
Undesignated, reported in:				
General fund	2,074,092	-	-	2,074,092
Special revenue funds	-	1,193,422	2,267,738	3,461,160
Capital projects funds	-	-	30,823	30,823
<b>TOTAL FUND BALANCES</b>	<b>2,145,917</b>	<b>1,318,422</b>	<b>2,443,583</b>	<b>5,907,922</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 10,513,563</b>	<b>\$ 2,706,588</b>	<b>\$ 3,368,409</b>	<b>\$ 16,588,560</b>

See accompanying notes to financial statements.

Barry County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

December 31, 2003

**Total fund balance - governmental funds** \$ 5,907,922

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 17,764,582	
Accumulated depreciation is	<u>(5,202,285)</u>	
Capital assets, net		12,562,297

Internal Service Funds are used by management to charge the costs  
of certain activities to individual funds. The assets and liabilities  
of the Internal Service Funds are included in the governmental activities  
in the Government-wide Statement of Net Assets.

Net assets of governmental activities accounted for in Internal Service Funds	3,052,990	
Net capital assets of Internal Service Funds included in total capital assets above	<u>(349,132)</u>	
		2,703,858

Long-term receivables are not available to pay for current period  
expenditures and therefore are not reported as assets in the funds.  
Long-term receivables at year-end consist of:

Lease receivable		1,936,505
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Long-term liabilities are not due and payable in the current period and  
therefore are not reported in the Governmental Funds Balance Sheet.  
Long-term liabilities at year-end consist of:

Direct County obligations	4,764,000	
Accrued interest payable	22,461	
Compensated absences	<u>479,844</u>	
		<u>(5,266,305)</u>

**Net assets of governmental activities** \$ 17,844,277

See accompanying notes to financial statements.

## Barry County, Michigan

## Governmental Funds

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2003

	General	Central Dispatch
REVENUES		
Taxes	\$ 6,393,574	\$ 976,768
Licenses and permits	132,595	-
Intergovernmental	2,809,556	143,539
Charges for services	1,828,883	-
Fines and forfeits	25,470	-
Interest and rents	170,038	25,236
Other	67,896	-
TOTAL REVENUES	11,428,012	1,145,543
EXPENDITURES		
Current		
General government	4,885,282	-
Public safety	3,460,676	1,016,639
Public works	1,749	-
Health and welfare	665,783	-
Community and economic development	200,237	-
Recreation and cultural	-	-
Other	247,891	-
Debt service	-	-
Capital outlay	13,824	14,461
TOTAL EXPENDITURES	9,475,442	1,031,100
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,952,570	114,443
OTHER FINANCING SOURCES (USES)		
Operating transfers in	140,000	-
Operating transfers out - primary government	(1,995,220)	-
Transfers out - component unit	(97,350)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,952,570)	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-0-	114,443
Fund balances, beginning of year	2,170,917	1,203,979
Prior period adjustments	(25,000)	-
Fund balances, end of year	\$ 2,145,917	\$ 1,318,422

See accompanying notes to financial statements.



Other Non-major Governmental Funds	Total Governmental Funds
\$ 614,955	\$ 7,985,297
-	132,595
2,417,536	5,370,631
685,494	2,514,377
18,474	43,944
31,298	226,572
231,641	299,537
3,999,398	16,572,953
1,088,533	5,973,815
492,945	4,970,260
76,722	78,471
2,438,074	3,103,857
-	200,237
443,857	443,857
-	247,891
894,886	894,886
1,865,621	1,893,906
7,300,638	17,807,180
(3,301,240)	(1,234,227)
3,754,291	3,894,291
(11,600)	(2,006,820)
-	(97,350)
3,742,691	1,790,121
441,451	555,894
1,945,819	5,320,715
56,313	31,313
\$ 2,443,583	\$ 5,907,922

Barry County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2003

**Net change in fund balances - total governmental funds** \$ 555,894

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	1,687,371	
Depreciation expense	<u>(558,537)</u>	
Excess of capital outlay over depreciation expense		1,128,834

Internal service funds are used by management to charge the costs of certain activities to individual funds.

Decrease in net assets of Internal Service Funds	(264,039)	
Depreciation expense of Internal Service Funds included in the total above	<u>153,235</u>	
		(110,804)

Repayment of long-term debt reflected as an expenditure in the governmental funds that is reflected in the government-wide financial statements as part of the business type activities. 229,700

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond principal retirement		408,000
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	23,164	
(Increase) in accrued compensated absences	<u>(46,154)</u>	
		<u>(22,990)</u>

**Change in net assets of governmental activities** \$ 2,188,634

See accompanying notes to financial statements.

## Barry County, Michigan

## Proprietary Funds

## STATEMENT OF NET ASSETS

December 31, 2003

	Business-type		
	Tax Umbrella	Thornapple Manor	Other Non-major Enterprise Funds
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,778,627	\$ 260,205	\$ 898,061
Investments	2,864,360	-	255,126
Receivables			
Accounts	-	564,599	9,074
Grants	-	-	34,205
Taxes	15,638	1,191,635	1,094,414
Interest	2,816	-	-
Other	-	132,915	-
Due from other funds	-	-	-
Total current assets	4,661,441	2,149,354	2,290,880
Non-current assets			
Investments, restricted	-	3,879,708	-
Capital assets, net	-	3,209,452	926,071
Total non-current assets	-0-	7,089,160	926,071
TOTAL ASSETS	4,661,441	9,238,514	3,216,951
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	136	388,727	30,435
Accrued liabilities	-	864,971	9,661
Due to other funds	140,000	-	-
Due to other governmental units - local	-	-	22,480
Deferred revenue	-	1,268,765	-
Bonds and notes payable - current portion	-	100,000	946,000
Total current liabilities	140,136	2,622,463	1,008,576
Long-term liabilities			
Bonds and notes payable	-	2,100,000	-
TOTAL LIABILITIES	140,136	4,722,463	1,008,576
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	1,009,452	926,071
Restricted for debt service	-	-	184,358
Restricted for other purposes	-	3,506,599	324,617
Unrestricted	4,521,305	-	773,329
TOTAL NET ASSETS	\$ 4,521,305	\$ 4,516,051	\$ 2,208,375

See accompanying notes to financial statements.

<u>Activities</u>	<u>Governmental Activities</u>
<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,936,893	\$ 2,138,059
3,119,486	683,780
573,673	-
34,205	-
2,301,687	-
2,816	1,102
132,915	-
-0-	2,811
9,101,675	2,825,752
3,879,708	-
4,135,523	349,132
8,015,231	349,132
17,116,906	3,174,884
419,298	13,489
874,632	3,115
140,000	-
22,480	-
1,268,765	-
1,046,000	52,645
3,771,175	69,249
2,100,000	52,645
5,871,175	121,894
1,935,523	-
184,358	105,290
3,831,216	2,434,829
5,294,634	512,871
<u>\$ 11,245,731</u>	<u>\$ 3,052,990</u>

## Barry County, Michigan

## Proprietary Funds

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2003

	Business-type		
	Tax Umbrella	Thornapple Manor	Other Non-major Enterprise Funds
OPERATING REVENUES			
Interest and penalties on delinquent taxes	\$ 8,794	\$ -	\$ 287,414
Charges for services	333,301	8,149,240	339,378
Intergovernmental - state	-	173,749	-
Other	-	350,906	-
TOTAL OPERATING REVENUES	342,095	8,673,895	626,792
OPERATING EXPENSES			
Operating supplies	-	-	57,248
Contracted services	-	-	-
Salaries	-	4,775,231	-
Fringe benefits	-	1,895,585	-
Depreciation	-	239,999	-
Interest expense	-	129,963	25,728
Other	5	1,729,920	676,225
TOTAL OPERATING EXPENSES	5	8,770,698	759,201
OPERATING INCOME (LOSS)	342,090	(96,803)	(132,409)
NON-OPERATING REVENUES			
Intergovernmental	142,088	-	579,729
Property taxes	-	1,081,434	-
Proceeds from sale of equipment	-	-	1,692
Interest revenue	152,088	67,081	20,240
TOTAL NON-OPERATING REVENUES	294,176	1,148,515	601,661
INCOME (LOSS) BEFORE TRANSFERS IN (OUT)	636,266	1,051,712	469,252
TRANSFERS IN (OUT)			
Transfers in - primary government	-	-	5,778
Transfers out - primary government	(1,914,240)	-	-
TOTAL TRANSFERS IN (OUT)	(1,914,240)	-0-	5,778
CHANGE IN NET ASSETS	(1,277,974)	1,051,712	475,030
Net assets, beginning of year	5,799,279	3,464,339	1,747,858
Prior period adjustments	-	-	(14,513)
Net assets, end of year	\$ 4,521,305	\$ 4,516,051	\$ 2,208,375

See accompanying notes to financial statements.

Activities	Governmental Activities
Total	Internal Service Funds
\$ 296,208	\$ -
8,821,919	2,447,938
173,749	-
350,906	19,359
9,642,782	2,467,297
57,248	8,873
-0-	141,479
4,775,231	-
1,895,585	2,614,866
239,999	153,235
155,691	6,531
2,406,150	5,580
9,529,904	2,930,564
112,878	(463,267)
721,817	-
1,081,434	-
1,692	-
239,409	8,463
2,044,352	8,463
2,157,230	(454,804)
5,778	190,765
(1,914,240)	-
(1,908,462)	190,765
248,768	(264,039)
11,011,476	3,217,697
(14,513)	99,332
<u>\$ 11,245,731</u>	<u>\$ 3,052,990</u>

## Barry County, Michigan

## Proprietary Funds

## STATEMENT OF CASH FLOWS

Year Ended December 31, 2003

	Business-type		
	Delinquent Tax	Tax Revolving	Other
	Umbrella	Thornapple Manor	Non-major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 365,858	\$ 8,169,325	\$ 1,615,546
Cash paid to employees and vendors	-	(8,446,035)	(596,061)
Cash paid to other governmental units - local	-	-	(1,005,677)
Cash received from state grants	-	148,279	-
Cash paid for employee benefits	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	365,858	(128,431)	13,808
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Intergovernmental sources	142,088	-	291,528
Property taxes	-	1,081,434	-
Transfers in	-	-	5,778
Transfers out	(1,914,240)	-	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(1,772,152)	1,081,434	297,306
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
State and Federal capital assistance	-	-	279,486
Capital purchases	-	(96,067)	(260,006)
Proceeds from sale of equipment	-	-	1,692
Note proceeds	-	-	946,000
Payments on borrowings	-	(100,000)	(961,000)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-0-	(196,067)	6,172
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(334,777)	(824,788)	(255,126)
Maturity of investments	766,037	-	-
Interest revenue	152,088	67,081	20,240
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	583,348	(757,707)	(234,886)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(822,946)	(771)	82,400
Cash and cash equivalents, beginning of year	2,601,573	260,976	815,661
Cash and cash equivalents, end of year	\$ 1,778,627	\$ 260,205	\$ 898,061

Activities	Governmental Activities
Total	Internal Service Funds
\$ 10,150,729	\$ 2,467,297
(9,042,096)	(159,213)
(1,005,677)	-
148,279	-
-0-	(2,637,509)
251,235	(329,425)
433,616	-
1,081,434	-
5,778	190,765
(1,914,240)	-
(393,412)	190,765
279,486	-
(356,073)	(36,104)
1,692	-
946,000	-
(1,061,000)	(52,645)
(189,895)	(88,749)
(1,414,691)	(683,780)
766,037	-
239,409	7,361
(409,245)	(676,419)
(741,317)	(903,828)
3,678,210	3,041,887
\$ 2,936,893	\$ 2,138,059



Barry County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2003

	Business-type		
	Delinquent Tax Umbrella	Revolving Thornapple Manor	Other Non-major Enterprise Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 342,090	(96,803)	\$ (132,409)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	239,999	134,068
(Increase) decrease in receivables	23,632	(176,626)	(9,941)
Decrease in other current assets	-	33,115	-
Increase (decrease) in accounts payable	136	8,168	26,432
Increase (decrease) in due to other governmental units	-	-	(6,352)
Increase in deferred revenue	-	56,734	-
Increase (decrease) in accrued liabilities	-	(193,018)	2,010
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 365,858</u>	<u>\$ (128,431)</u>	<u>\$ 13,808</u>

See accompanying notes to financial statements.

<u>Activities</u>	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
<u>Total</u>	
\$ 112,878	\$ (463,267)
374,067	153,235
(162,935)	-
33,115	-
34,736	(17,781)
(6,352)	-
56,734	-
<u>(191,008)</u>	<u>(1,612)</u>
<u>\$ 251,235</u>	<u>\$ (329,425)</u>

Barry County, Michigan

Fiduciary Funds

STATEMENT OF NET ASSETS

December 31, 2003

	Agency Funds	Private Purpose Trust Funds
ASSETS		
Cash	\$ 1,323,030	\$ 17,457
Accounts receivable	-	8,624
Due from other funds	3,923	-
TOTAL ASSETS	<u>\$ 1,326,953</u>	<u>\$ 26,081</u>
LIABILITIES		
Undistributed collections payable	\$ 819,679	\$ -
Advances from other funds	1,000	-
Due to other governmental units		
Federal/State	287,855	-
Due to individuals and agencies	218,419	-
TOTAL LIABILITIES	<u>\$ 1,326,953</u>	<u>-0-</u>
NET ASSETS		
Held in trust for private purposes		<u>\$ 26,081</u>

See accompanying notes to financial statements.

Barry County, Michigan

Fiduciary Funds

STATEMENT OF CHANGES FIDUCIARY NET ASSETS

Year Ended December 31, 2003

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Intergovernmental - local	\$ 48,104
DEDUCTIONS	
General government	<u>56,523</u>
CHANGE IN NET ASSETS	(8,419)
Net assets, beginning of year	<u>34,500</u>
Net assets, end of year	<u><u>\$ 26,081</u></u>

See accompanying notes to financial statements.

## Barry County, Michigan

## Component Unit Funds

## COMBINING STATEMENT OF NET ASSETS

December 31, 2003

	Road Commission	Economic Development	Airport
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,564,056	\$ 90,666	\$ 18,752
Investments	-	-	-
Receivables	5,038	-	5,654
Inventories	762,202	-	-
Prepaid expenses	528	-	294
Current portion of special assessments receivable	-	-	-
Current portion of lease receivable	-	-	-
Due from other governmental units	769,095	-	-
Total current assets	3,100,919	90,666	24,700
Non-current assets			
Lease receivable	-	-	-
Capital assets, net	21,146,441	-	1,039,528
Total non-current assets	21,146,441	-0-	1,039,528
<b>TOTAL ASSETS</b>	<b>24,247,360</b>	<b>90,666</b>	<b>1,064,228</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	58,626	-	4,195
Accrued liabilities	41,784	-	-
Accrued interest payable	-	-	1,439
Due to other governmental units	16,675	-	-
Current portion of long-term debt	29,360	-	8,862
Total current liabilities	146,445	-0-	14,496
Non-current liabilities			
Advance from primary government	-	-	-
Compensated absences	188,933	-	-
Non-current portion of long-term debt	-	-	74,565
Total non-current liabilities	188,933	-0-	74,565
<b>TOTAL LIABILITIES</b>	<b>335,378</b>	<b>-0-</b>	<b>89,061</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	21,117,081	-	956,101
Restricted for:			
Debt service	-	-	-
Capital improvements	-	-	-
Other purposes	2,794,901	90,666	19,066
<b>TOTAL NET ASSETS</b>	<b>\$ 23,911,982</b>	<b>\$ 90,666</b>	<b>\$ 975,167</b>

See accompanying notes to financial statements.

Board of Public Works	Drainage Districts	Total Component Units
\$ (15,589)	\$ 114,318	\$ 1,772,203
184,406	71,715	256,121
781	-	11,473
-	-	762,202
-	-	822
-	159,834	159,834
963,310	-	963,310
78,161	-	847,256
1,211,069	345,867	4,773,221
8,585,778	-	8,585,778
-	1,375,568	23,561,537
8,585,778	1,375,568	32,147,315
9,796,847	1,721,435	36,920,536
52,725	-	115,546
-	-	41,784
73,310	2,362	77,111
-	-	16,675
890,000	42,101	970,323
1,016,035	44,463	1,221,439
-	44,085	44,085
-	-	188,933
8,585,778	110,417	8,770,760
8,585,778	154,502	9,003,778
9,601,813	198,965	10,225,217
-	1,223,050	23,296,232
8,801	227,790	236,591
186,233	71,630	257,863
-	-	2,904,633
\$ 195,034	\$ 1,522,470	\$ 26,695,319

## Barry County, Michigan

## Component Unit Funds

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants	Capital Grants	
Drainage Districts	\$ 63,550	\$ 5,020	\$ -	\$ 171,680	\$ 113,150
Board of Public Works	657,682	-	1,500,099	-	842,417
Economic Development	94,000	-	-	-	(94,000)
Airport	238,463	7,008	21,350	-	(210,105)
Road Commission	6,192,929	28,776	6,559,012	217,467	612,326
TOTALS	<u>\$ 7,246,624</u>	<u>\$ 40,804</u>	<u>\$ 8,080,461</u>	<u>\$ 389,147</u>	1,263,788
General revenues					
Investment earnings					28,960
Miscellaneous					76,642
Transfers from primary government - net					<u>97,350</u>
Total general revenues and transfers					<u>202,952</u>
CHANGE IN NET ASSETS					1,466,740
Net assets, beginning of year					24,874,591
Prior period adjustment					<u>353,988</u>
Net assets, end of year					<u>\$ 26,695,319</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Barry, Michigan was organized in 1839 and covers an area of approximately 576 square miles with the County seat located in the City of Hastings, Michigan. The County operates under an elected Board of Commissioners of eight (8) members and provides services to its approximately 56,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, public works, health and welfare, and recreation and culture. Education is provided to citizens through twelve (12) local School Districts, six (6) Intermediate School Districts, and a Community College located in the County. The School Districts and College are separate governmental entities whose financial statements are not included herein in accordance with the National Council on Governmental Accounting (NCGA) Statement 3.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, The Financial Reporting Entity; and Statement on Michigan Governmental Accounting and Auditing No. 5, these financial statements present the financial activities of Barry County (primary government) and its component units. The component units described in Sections 2 and 3 below should be included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities, are in substance part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

The Barry County Substance Abuse Services (Substance Abuse Fund) and Barry County Transit (Transit Fund) activities are reported on the fiscal year-end of September 30, 2003.

2. Blended Component Units

The Barry County Family Independence Agency is governed by a three (3) member Board. The Board consists of two (2) members appointed by the County Board of Commissioners and one (1) State appointed member. The Board is responsible for establishing policies and the operational oversight of the local administration of the State of Michigan Social Welfare program and the long-term care Medical Care Facility. Although the employees of the Barry County Family Independence Agency are employed by the State of Michigan and substantially all the programs are financed by the State. State law requires the local activities to be "blended" with the local primary government.

The Barry County Building Authority is governed by a three (3) member Board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Barry County Building Authority is reported as if it were part of the (blended) primary government because its sole purpose is to finance and construct the County's public buildings.

The financial statements of the Barry County Substance Abuse Services (Substance Abuse Fund) and Barry County Transit (Transit Fund) for the year ended September 30, 2003 and the financial statements of the Thornapple Manor Medical Care Facility (Thornapple Manor Fund) for the year ended December 31, 2003, component units of the County of Barry, are included in these financial statements as blended component units. These component units are also audited individually. Complete financial statements are issued under separate cover and may be obtained from their respective administrative offices.



NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

2. Blended Component Units - continued

The Barry County Transit receives Federal and State financial assistance in the form of operating and capital grant funding to support its operation, expand marketing, and specialized services, and replace buses and other equipment. The Transit provides demand response services within Barry County. The Transit also provides special services on a contractual basis to several nonprofit and governmental agencies within the County.

The Thornapple Manor Medical Care Facility is a 138-bed, long-term medical care unit owned and operated by Barry County. It is governed by the Barry County Family Independence Agency Board. This Board consists of three (3) members, two (2) of whom are appointed by the Barry County Board of Commissioners, and one (1) appointed by the Michigan Governor.

The Barry County Substance Abuse Service activities is governed by a nine (9) member board of Directors of which three (3) members are County Commissioners and six (6) members are from the community at large. Much of Barry County Substance Abuse Services' funding comes from a contract with Kalamazoo Human Service Department, Substance Abuse Services, which is charged with funding and overseeing services in Barry, Branch, Kalamazoo, and St. Joseph Counties.

3. Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Barry County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Barry County is such that exclusion of these entities would render the financial statements misleading or incomplete.

The Barry County Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, Federal financial assistance, and contributions from other local government units within the County. The three (3) Board Members of the Road Commission are appointed by the Barry County Board of Commissioners. This component unit is audited individually and complete financial statements may be obtained from the Road Commission's administrative office.

The Barry County Economic Development Board is appointed by the County Board of Commissioners. The Development may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, such taxes would be levied under the taxing authority of the County.

The Barry County Board of Public Works (BPW) is a five (5) member Board comprised of the Drain Commissioner and four (4) members appointed by the County Board of Commissioners. The BPW Board establishes policy and reviews operations of the BPW for the County Board of Commissioners. The BPW has the responsibility of administering the various public works construction projects and the associated debt service funds under the provision of Act 185 of the Public Acts of 1957. The Board of Public Works is financially accountable to the County because all general obligation bond issuances require County authorization and are backed by the full faith and credit of the County.

The Barry County Drainage Districts come under the jurisdiction of the Barry County Drain Commissioner. This includes planning, developing, and maintaining surface water drainage systems. A complete file of finance, construction, and maintenance is maintained for each of the drains. The Drain Commissioner has authority to spend up to \$2,500 per mile on drain maintenance and may borrow up to \$300,000 from any source to provide for maintenance of a drain without Board of Commissioner approval and without going through the Municipal Finance Division, State of Michigan. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are financially accountable to the County because bond issuances greater than \$300,000 require County authorization and are backed by the full faith and credit of the County.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Discretely Presented Component Units - continued

The Airport Commission is classified as a joint venture with another governmental unit. The details related to this joint venture agreement are disclosed below.

4. Joint Ventures

The County participates in the following activities, which are considered to be joint ventures in relation to the County due to the formation of an organization by contractual agreement between two (2) or more participants that maintain joint control, financial interest, and financial responsibility.

Airport Commission - The County is a member of the Airport Commission, which is a joint venture that was formed by an agreement in 1977 between the Hastings City Council and the Barry County Board of Commissioners. The Commission consists of five (5) members, two (2) appointed by the Barry County Board of Commissioners, two (2) appointed by the Hastings City Council and one (1) at large member appointed by the Commission. It is responsible for acquisition of property, constructing, operating, and maintaining airport facilities. Ownership of property is vested in the City/County. It may exercise on behalf of the political subdivision by which it was created, all powers of each such political subdivision. It may not issue debt without approval from the City and County. It is designated as the agent for any Federal or State airport aid. The agreement requires that each governmental unit provide fifty (50) percent of the net budget appropriation requirements and that financial record keeping be maintained by the County.

The financial activities of the Airport Commission are reported in the County's financial statements as a discretely presented component unit due to the County being responsible for the receipt and disbursement of the Commission's funds.

Barry/Eaton District Health Department - The County is a member of the Barry/Eaton District Health Department, which is a joint venture between Barry and Eaton Counties, and was established to provide public health services. The District Health Board has representation and provides services to Barry and Eaton Counties. Both Counties provide annual appropriations and pass-through the statutory amount of cigarette tax funding to subsidize operations. The current funding formula approved by the District Health Board requires Eaton County and Barry County to provide 65 and 35 percent, respectively. In addition, the treasury function for the District Health Department rests with the Eaton County Treasurer. For this reason the District Health Department is discretely presented in the Eaton County financial statements.

The Barry/Eaton District Health Department does not issue separate financial statements. Combining component unit statements are included as part of the financial statements of Eaton County to summarize all the funds of the District Health Department. A copy of Eaton County's audit can be obtained at their Administrative offices.

5. Jointly Governed Organizations

The County participates in the following activity which is considered to be a jointly governed organization in relation to the County due to there being no ongoing financial interest or responsibility.

Region III B Area Agency on Aging - Barry County, in conjunction with Calhoun County, has entered into an agreement, which created the Region III B Area Agency on Aging that provides comprehensive services to older individuals residing in those Counties. Operating revenues are derived from Federal, State, and local governments as well as fees for services. The Region III B Area Agency on Aging is governed by a seven (7) member Board appointed by the Board of Commissioners of the two (2) Counties it services. A copy of Region III B Area Agency on Aging's audit can be obtained at their Administrative offices.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

6. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the government-wide statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the County's individual major funds and aggregated non-major funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The major funds of the County are:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Central Dispatch Fund is used to account for the operations of Barry County Central Dispatch, which provides dispatch services for eleven (11) fire agencies, ten (10) law enforcement agencies and emergency medical services throughout all of Barry County. Revenues are generated through special voted tax and state grants.
- c. The Tax Umbrella Delinquent Tax Revolving Fund accounts for money advanced by the County to other local taxing units and various county funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.
- d. The Thornapple Manor Fund accounts for the activities of the Thornapple Manor Medical Care Facility, a 138-bed long-term medical care unit owned and operated by Barry County. Revenues are generated by charges for services and a County appropriation.

7. Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

7. Measurement Focus - continued

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for Agency Funds since assets equal liabilities.

8. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental and similar trust funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). Revenues that are considered measurable but not available are recorded as a receivable and deferred revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary and similar trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Private-sector standards of accounting and financial reporting issued to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

9. Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in certificates of deposit, commercial paper, and U.S. Government Securities with a maturity from date of purchase of 90 days or less.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

10. Investments

Investments consist of certificates of deposit and U.S. Government Securities with original maturities of greater than 90 days. Investments are recorded at market value in accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

11. Restricted Investments

Thornapple Manor has restricted investments that are limited as to use by the Barry County Family Independence Agency (FIA) Board for future capital purchases.

12. Lease Receivable

The County has irrevocably pledged its full faith and credit as collateral for certain water and sewer system bonds. These projects are administered by the Barry County Drain Commission for local municipalities. Payments by the municipalities to the County, in accordance with contractual agreements, provide the monies required to meet the principal and interest on the water and sewer system bonds. All future amounts due for bond principal and an additional amount for the amount of accrued interest payable has been recorded as a lease receivable at the government-wide level based on guidance from MCGAA Statement 10, as amended. The receivable has been reported as current based on the amounts to be collected next year to satisfy obligations and amounts to be collected subsequently that have been reported as non-current.

13. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs and State shared revenues, and accounts receivable related to charges for services.

14. Capital Assets

**PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION AND THORNAPPLE MANOR)**

Capital assets include land, buildings, equipment, and vehicles and are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and component unit columns. Prior to January 1, 2003, capital assets were considered to be all applicable assets with a initial individual cost of \$1,000 or more and an estimated useful life of more than one year and were the items included on the initial appraisal by the contracted appraiser. Effective January 1, 2003, capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	5 - 25 years
Buildings	7 - 50 years
Machinery and equipment	5 - 25 years
Drain infrastructure	50 years

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**14. Capital Assets - continued

## ROAD COMMISSION - DISCRETELY PRESENTED COMPONENT UNIT

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges and similar items), are reported in the government-wide financial statements. Capital assets are defined by Barry County Road Commission on an individual basis. The dollar threshold depends on the category of the asset, but the asset must have an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

GASB Statement No. 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated, for fiscal years ending after June 30, 1980, be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions of GASB Statement No. 34. During 2003, the Barry County Road Commission has capitalized the current year's infrastructure and has also reported the retroactive cost for major infrastructure in the Statement of Net Assets for periods ending after June 30, 1980.

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 - 50 years
Road Equipment	5 - 8 years
Shop Equipment	7 - 10 years
Engineering Equipment	4 - 10 years
Office Equipment	4 - 10 years
Infrastructure - Roads	8 - 30 years
Infrastructure - Bridges	12 - 50 years

## THORNAPPLE MANOR - BLENDED COMPONENT UNIT

All property and equipment are valued at historical cost. Donated assets are recorded at the fair market value at the time of the donation. Depreciation on such fixed assets is charged as an expense against the operations on a straight-line basis.

15. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

16. Advances to Other Funds/Component Units

Long-term advances from certain funds to other funds or component units are made to finance new activities during their initial operations and to finance capital acquisitions. For the governmental fund types, fund balance is reserved for the amount of advances made to other funds to reflect the fund balance not currently available for expenditure.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

17. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Internal Service Funds are used to record charges for services to all County departments and funds as operating transfers or operating revenue. All County funds record these payments to the Internal Service Funds as operating transfers or operating expenditures/expenses.

18. Accrued Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused compensated absences leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested compensated absences earned as of December 31, 2003, including related payroll taxes, are recorded in the government-wide financial statements.

19. Deferred Revenue

Deferred revenue recorded in the governmental funds consists of the 2004 tax levy that was levied in 2003 and will be collected in 2004 and is not available for current year expenditures. Drainage Districts and other funds which have deferrals consist of amounts related to long-term special assessment tax receivables and other revenues recorded at the fund level that are not available to finance current period expenditures and are therefore deferred.

20. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the Fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The County employs the following procedures in establishing budgets:

- a. Prior to August 1, County departments in conjunction with the Administrator's Office, prepare and submit their proposed operating budgets to the Liaison Committee who reviews and makes recommendations to the Finance Committee for the fiscal year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to December 31, the budgets are legally enacted through passage of a budget resolution.
- d. The budgets are legally adopted at the activity, functional, and account level for the General Fund and the fund level for the Special Revenue Fund. Budgetary transfers between funds and amendments to total fund budgets are not permitted without Board approval. For control purposes, all fund budgets are maintained at the activity and account level. The Administrator is authorized to transfer budget amounts between accounts without Board approval.
- e. Budgets for certain Capital Projects Funds are made on a project basis spanning more than one year.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

20. Budgets and Budgetary Accounting - continued

- f. The County does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.
- g. Budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material to the original appropriations that were adopted.

21. Comparative Data

Comparative data for the year has not been presented in the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

22. Federal Programs

Federal Programs are accounted for in the funds to which the programs pertain. The County has not integrated its Single Audit Reports and financial data as part of the financial statements. The Single Audit Reports and financial data will be issued under separate cover as supplementary information to the general purpose financial statements.

23. Accounting Change

As of January 1, 2003, the County implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (Statement) along with all related statements and interpretations. Some of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the County's overall financial position and results of operations has been included.
- Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the County's activities have been provided. Reconciliations are presented between the governmental fund level (modified accrual) and government-wide (full accrual) statements since their measurement focus is not the same.
- Capital assets reported on the statement of net assets include assets in the amount of \$18,531,607, which was previously reported in the General Fixed Assets Account Group. The government-wide statement of activities reflects depreciation expenses on the County's applicable capital assets.
- Long-term obligations reported on the statement of net assets include \$7,735,690, which was previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

This implementation has also required certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statement No. 34 based on GASB Statement No. 38. Certain note disclosures have been added and/or amended, including descriptions of activities of major funds and interfund balances and transactions, and various other disclosures.



Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE B: POOLING OF CASH AND INVESTMENTS AND CASH OVERDRAFT**

The County utilizes pooled cash accounts for approximately sixty funds. Cash overdrafts of individual funds as of December 31, 2003, are as follows:

<u>Fund</u>	<u>Pooled Cash Overdraft</u>	<u>Non-pooled Cash and Cash Equivalents</u>	<u>Financial Statements</u>
<b>PRIMARY GOVERNMENT</b>			
General Fund	\$( 3,189,933 )	\$ 73,123	\$( 3,116,810 )
Special Revenue Funds			
Central Dispatch	( 4,875 )	656,860	651,985
Remonumentation	( 29,201 )	-	( 29,201 )
CDBG Housing	( 60,240 )	76,021	15,781
Township Police Services	( 5,991 )	-	( 5,991 )
Community Corrections	( 84,111 )	-	( 84,111 )
Adult Drug Court	( 14,429 )	-	( 14,429 )
Juvenile Drug Court	( 12,723 )	-	( 12,723 )
Substance Abuse	( 3,964 )	-	( 3,964 )
Debt Service Funds			
Friend of the Court Renovation	( 4,263 )	8,243	3,980
Internal Service Funds			
Data Processing	( 2,902 )	9,428	6,526
Private Purpose Trust Funds			
Cooperative Extension	( 776 )	-	( 776 )
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>( 3,413,408 )</b>	<b>823,675</b>	<b>( 2,589,733 )</b>
<b>COMPONENT UNITS</b>			
Drainage Districts			
Capital Projects			
Revolving Drain	( 59,623 )	-	( 59,623 )
Board of Public Works			
Debt Service			
Freeport Water Supply	( 25,901 )	-	( 25,901 )
<b>TOTAL COMPONENT UNITS</b>	<b>( 85,524 )</b>	<b>-0-</b>	<b>( 85,524 )</b>
<b>TOTAL REPORTING ENTITY</b>	<b>\$( 3,498,932 )</b>	<b>\$ 823,675</b>	<b>\$( 2,675,257 )</b>

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The County utilizes various pooled cash accounts and investments for approximately sixty funds. The County's pooled cash accounts consist of a common checking account and mutual funds.

The County's pooled cash accounts and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Internal Service Funds (except for the Delinquent Tax Revolving Funds), Trust and Agency Funds, and the component unit funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption on the combined balance sheet.

The other funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit, mutual funds, commercial paper, and U.S. Government Securities are held separately by several of the County's funds.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

- a. Bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. United States government or Federal agency obligation repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

As of December 31, 2003, the carrying amounts and bank balance for each type of bank account are as follows:

<u>ACCOUNT TYPE</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking	\$ 1,777,996	\$ 1,866,147
Savings accounts	2,765,223	2,765,223
Certificates of deposit	<u>6,109,420</u>	<u>6,109,420</u>
Total primary government	10,652,639	10,740,790
COMPONENT UNITS		
Checking	1,654,567	1,710,598
Savings accounts	106,608	106,093
Certificates of deposit	<u>195,434</u>	<u>195,434</u>
Total component units	1,956,609	2,012,125

## Barry County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

<u>ACCOUNT TYPE</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
FIDUCIARY FUNDS		
Checking	\$ 1,001,529	\$ 1,122,553
Savings accounts	<u>338,958</u>	<u>338,958</u>
Total fiduciary funds	<u>1,340,487</u>	<u>1,461,511</u>
TOTAL REPORTING ENTITY	<u>\$ 13,949,735</u>	<u>\$ 14,214,426</u>

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. As of December 31, 2003, the primary government and component unit accounts were insured by the FDIC or FSLIC for \$1,094,772 and the amount of \$13,119,654 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

As of December 31, 2003, the carrying amounts and market values for each investment are as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>
PRIMARY GOVERNMENT		
Insured or registered for which the securities are held by the County's agent in the County's name -		
U.S. Treasury Bonds	\$ 1,118,712	\$ 1,118,712
Government National Mortgage Association	1,764,456	1,764,456
Commercial paper	2,505,530	2,505,530
Federal Home Loan Bank Corporation	1,779,642	1,779,642
Federal National Mortgage Association	<u>402,564</u>	<u>402,564</u>
TOTAL PRIMARY GOVERNMENT	7,570,904	7,570,904
COMPONENT UNITS		
Insured or registered for which the securities are held by the County's agent in the County's name -		
Commercial paper	<u>71,715</u>	<u>71,715</u>
TOTAL REPORTING ENTITY	<u>\$ 7,642,619</u>	<u>\$ 7,642,619</u>

The investments in commercial paper are insured or registered, with securities held by Fifth-Third Securities, Inc., AIM Funds, and MBIA. The maximum insurance for investments, Fifth-Third Bank, AIM Funds, and MBIA is provided by the Securities Investor Protection Act at \$500,000 each. The investments in U.S. Treasury Securities are not insured but are backed by the full faith and credit of the Federal Government.

Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the combined balance sheet based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2003:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 4,846,780	\$ 1,772,203	\$ 1,340,487	\$ 7,959,470
Investments	9,486,781	256,121	-	9,742,902
Investments, restricted	<u>3,879,708</u>	<u>-</u>	<u>-</u>	<u>3,879,708</u>
	<u>\$ 18,213,269</u>	<u>\$ 2,028,324</u>	<u>\$ 1,340,487</u>	<u>\$ 21,582,080</u>

The primary government cash and cash equivalents caption on the combined balance sheet includes \$7,475 in imprest cash. The Substance Abuse Services (Substance Abuse Fund) and Barry County Transit (Transit Fund) portion of pooled cash and cash equivalents presented above are as of December 31, 2003. However, their financial statements have been presented as of September 30, 2003, which results in a timing difference of \$(17,749) for the primary government. The restricted cash of \$3,879,708 was being held for use by the Barry County FIA Board for future capital purchases.

**NOTE D: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule details primary government interfund receivables and payables at December 31, 2003:

Due to general fund from:	
Tax umbrella fund	\$ 140,000
Due to internal service funds from:	
General fund	2,811
Due to fiduciary funds from:	
Non-major governmental funds	<u>3,923</u>
Total interfund receivable and payables	<u>\$ 146,734</u>

The following schedule details interfund receivables and payables related to the component units at December 31, 2003:

Due to component units from:	
Component units	<u>\$ 184,002</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE E: ADVANCES RECEIVABLE AND PAYABLE**

The following schedule details advances receivable and payable between funds of the primary government at December 31, 2003:

Advance to fiduciary funds from:	
General Fund	\$ <u>1,000</u>

The following schedule details advances receivable and payable between the primary government and component units at December 31, 2003:

Advance to component unit from:	
General Fund	\$ <u>44,085</u>

The balance of \$44,085 advanced to Drain Revolving from General Fund resulted from loans made for working capital.

**NOTE F: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business type funds, and component units have been eliminated.

Transfers to general fund from:	
Tax umbrella delinquent tax revolving	\$ <u>140,000</u>

Transfers to non-major governmental funds from:	
General fund	\$ 1,744,529
Tax umbrella delinquent tax revolving	1,768,462
Non-major governmental funds	11,600
Thornapple Manor	<u>229,700</u>

Total transfers to non-major governmental funds	\$ <u>3,754,291</u>
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Transfer to 2002 delinquent tax revolving from:	
Tax umbrella delinquent tax revolving	\$ <u>5,778</u>

Transfers to internal service funds from:	
General fund	\$ <u>190,765</u>

Transfers to component unit funds from:	
General fund	\$ 97,350
Component units	<u>45,863</u>

Total transfer to component unit funds	\$ <u>143,213</u>
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There is a difference of \$59,926 from the General Fund which was transferred to the Substance Abuse Fund in November 2003 but the Substance Abuse fund is reported at September 30, 2003, their fiscal year-end. There is also a difference of \$229,700, which relates to the transfer into the Building Authority Thornapple Manor Addition Debt Service Fund, which is shown as a debt payment in the Thornapple Manor Enterprise Fund by other auditors instead of as a transfer out.

Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE G: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2003 was as follows:

**Primary Government**

	Restated Balance Jan. 1, 2003	Additions	Deletions	Balance Dec. 31, 2003
<b>Governmental activities</b>				
Land	\$ 2,653,096	\$ -	\$ -	\$ 2,653,096
Land improvements	622,560	-	-	622,560
Buildings and additions	10,459,455	1,577,095	-	12,036,550
Equipment and furniture	<u>2,342,100</u>	<u>110,276</u>	<u>-</u>	<u>2,452,376</u>
Totals at historical cost	16,077,211	1,687,371	-0-	17,764,582
Less accumulated depreciation for:				
Land improvements	( 334,178 )	( 25,183 )	-	( 359,361 )
Buildings and additions	( 2,944,056 )	( 274,395 )	-	( 3,218,451 )
Equipment and furniture	<u>( 1,365,514 )</u>	<u>( 258,959 )</u>	<u>-</u>	<u>( 1,624,473 )</u>
Total accumulated depreciation	<u>( 4,643,748 )</u>	<u>( 558,537 )</u>	<u>-0-</u>	<u>( 5,202,285 )</u>
Capital assets, net	<u>\$ 11,433,463</u>	<u>\$ 1,128,834</u>	<u>\$ -0-</u>	<u>\$ 12,562,297</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 407,032
Public safety	62,858
Health and welfare	42,368
Recreation and cultural	<u>46,279</u>
Total Depreciation Expense	<u>\$ 558,537</u>

	Restated Balance Jan. 1, 2003	Additions	Deletions	Balance Dec. 31, 2003
<b>Business-type activities</b>				
Land improvements	\$ 207,241	\$ -	\$ -	\$ 207,241
Buildings and improvements	6,187,013	274,761	-	6,461,774
Construction in progress	15,836	-	15,836	-0-
Vehicles	1,151,543	1,081	-	1,152,624
Furniture and equipment	1,825,402	96,067	488	1,920,981
Shop equipment	<u>31,502</u>	<u>-</u>	<u>-</u>	<u>31,502</u>
Totals at historical cost	9,418,537	371,909	16,324	9,774,122
Less accumulated depreciation for:				
Land improvements	( 135,188 )	( 7,291 )	-	( 142,479 )
Buildings and improvements	( 3,264,806 )	( 164,688 )	-	( 3,429,494 )
Vehicles	( 534,763 )	( 107,786 )	-	( 642,549 )
Furniture and equipment	( 1,300,205 )	( 93,922 )	488	( 1,393,639 )
Shop equipment	<u>( 30,058 )</u>	<u>( 380 )</u>	<u>-</u>	<u>( 30,438 )</u>
Total accumulated depreciation	<u>( 5,265,020 )</u>	<u>( 374,067 )</u>	<u>488</u>	<u>( 5,638,599 )</u>
Capital assets, net	<u>\$ 4,153,517</u>	<u>\$ ( 2,158 )</u>	<u>\$ 15,836</u>	<u>\$ 4,135,523</u>

Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE G: CAPITAL ASSETS - CONTINUED**

**Component Units**

	Restated Balance <u>Jan. 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2003</u>
Component Unit - Drainage Districts				
Drains	\$ 1,908,307	\$ 67,630	\$ -	\$ 1,975,937
Less accumulated depreciation for:				
Drains	( 566,018 )	( 34,351 )	-	( 600,369 )
Capital assets, net	<u>\$ 1,342,289</u>	<u>\$ 33,279</u>	<u>\$ -0-</u>	<u>\$ 1,375,568</u>
Component Unit - Road Commission				
Capital assets not being depreciated:				
Land	\$ 85,433	\$ -	\$ -	\$ 85,433
Land improvements	11,761,104	215,900	-	11,977,004
Right-of-Ways	<u>65,199</u>	<u>2</u>	<u>-</u>	<u>65,201</u>
	11,911,736	215,902	-0-	12,127,638
Component Unit - Road Commission				
Capital assets being depreciated:				
Land improvements	\$ 214,808	\$ -	\$ -	\$ 214,808
Buildings	717,576	-	-	717,576
Road equipment	5,424,062	556,131	( 128,159 )	5,852,034
Shop equipment	164,809	-	-	164,809
Office equipment	73,904	6,985	( 250 )	80,639
Engineering equipment	97,499	-	-	97,499
Yard & storage equipment	103,147	-	-	103,147
Pit depletion	516,888	5,686	-	522,574
Infrastructure - bridges	2,623,420	254	-	2,623,674
Infrastructure - roads	<u>10,564,351</u>	<u>781,510</u>	<u>-</u>	<u>11,345,861</u>
	20,500,464	1,350,566	( 128,409 )	21,722,621
Less accumulated depreciation:				
Land improvements	( 19,408 )	( 10,741 )	-	( 30,149 )
Buildings	( 448,946 )	( 13,142 )	-	( 462,088 )
Road equipment	( 4,940,634 )	( 219,677 )	128,159	( 5,032,152 )
Shop equipment	( 157,546 )	( 3,941 )	-	( 161,487 )
Office equipment	( 50,099 )	( 11,208 )	250	( 61,057 )
Engineering equipment	( 79,276 )	( 10,801 )	-	( 90,077 )
Yard & storage equipment	( 103,147 )	-	-	( 103,147 )
Pit depletion	( 107,277 )	( 7,518 )	-	( 114,795 )
Infrastructure - bridges	( 599,052 )	( 61,503 )	-	( 660,555 )
Infrastructure - roads	<u>( 4,787,916 )</u>	<u>( 1,200,395 )</u>	<u>-</u>	<u>( 5,988,311 )</u>
	( 11,293,301 )	( 1,538,926 )	128,409	( 12,703,818 )
Net capital assets being depreciated	<u>9,207,163</u>	<u>( 188,360 )</u>	<u>-0-</u>	<u>9,018,803</u>
Capital assets, net	<u>\$ 21,118,899</u>	<u>\$ 27,542</u>	<u>\$ -0-</u>	<u>\$ 21,146,441</u>

## Barry County, Michigan

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE G: CAPITAL ASSETS - CONTINUED****Component Units - continued**

	Restated Balance Jan. 1, 2003	Additions	Deletions	Balance Dec. 31, 2003
Component Unit - Airport Commission				
Land improvements	\$ 2,291,900	\$ -	\$ -	\$ 2,291,900
Buildings	238,800	-	-	238,800
Equipment	47,500	-	-	47,500
Totals at historical cost	2,578,200	-0-	-0-	2,578,200
Less accumulated depreciation for:				
Land improvements	( 1,262,475 )	( 114,595 )	-	( 1,377,070 )
Buildings	( 121,160 )	( 3,680 )	-	( 124,840 )
Equipment	( 32,452 )	( 4,310 )	-	( 36,762 )
Total accumulated depreciation	( 1,416,087 )	( 122,585 )	-0-	( 1,538,672 )
Capital assets, net	\$ 1,162,113	\$ ( 122,585 )	\$ -0-	\$ 1,039,528

**NOTE H: LONG-TERM DEBT**

The following is a summary of changes in long term debt (including current portion) of the County for the year ended December 31, 2003:

	Restated Balance Jan. 1, 2003	Additions	Deletions	Balance Dec. 31, 2003	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
Direct County Obligations - bonds	\$ 5,002,000	\$ 3,795,000	\$ 4,033,000	\$ 4,764,000	\$ 484,000
2002 computer system installment					
- loan	157,935	-	52,645	105,290	52,645
Accumulated compensated absences	433,690	46,154	-	479,844	319,896
	5,593,625	3,841,154	4,085,645	5,349,134	856,541
Business-type Activities					
General Obligation - tax notes	961,000	2,600,000	2,615,000	946,000	946,000
General Obligation - BA Bonds	2,300,000	-	100,000	2,200,000	100,000
	3,261,000	2,600,000	2,715,000	3,146,000	1,046,000
TOTAL PRIMARY GOVERNMENT	8,854,625	6,441,154	6,800,645	8,495,134	1,902,541
COMPONENT UNITS					
Road Commission					
Bonds	570,000	-	570,000	-0-	-
Installment purchase agreements	58,720	-	29,360	29,360	29,360
Accumulated compensated absences	192,494	-	3,561	188,933	-
	821,214	-0-	602,921	218,293	29,360
Airport					
Loan payable	91,900	-	8,473	83,427	8,862



Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE H: LONG-TERM DEBT - CONTINUED**

	Restated Balance Jan. 1, 2003	Additions	Deletions	Balance Dec. 31, 2003	Amounts Due Within One Year
COMPONENT UNITS - CONTINUED					
Board of Public Works					
Water and sewer bonds	\$10,210,000	\$ 2,045,778	\$ 2,780,000	\$ 9,475,778	\$ 890,000
Drainage Districts					
Drain notes and other debt	<u>171,952</u>	<u>17,000</u>	<u>36,434</u>	<u>152,518</u>	<u>42,101</u>
TOTAL COMPONENT UNITS	<u>11,295,066</u>	<u>2,062,778</u>	<u>3,427,828</u>	<u>9,930,016</u>	<u>970,323</u>
TOTAL REPORTING ENTITY	<u>\$20,149,691</u>	<u>\$ 8,503,932</u>	<u>\$10,228,473</u>	<u>\$18,425,150</u>	<u>\$ 2,872,864</u>

Significant details regarding outstanding long-term debt (including current portions) are presented below:

**PRIMARY GOVERNMENT**

The Barry County Board of Commissioners is party to long-term lease agreements for rental of the Medical Care Facility Buildings, Courts and Law Building, and the Kellogg Community College Building from the Barry County Building Authority. The lease agreements stipulate that annual rentals will be paid by the County and local Government to the Building Authority in amounts sufficient to meet the annual principal and interest on bonds, which shall be pledged exclusively for that purpose. When all debt has been retired on these buildings, the rentals will cease, title to the buildings will be transferred to the County, or local government where applicable, and any cash balances remaining with the Building Authority will be returned to the County, or local government where applicable. In accordance with MCGA Statement 1 the 1994 Building Authority Medical Care Facility Building debt is included in the business-type activities.

The Barry County Board of Commissioners is also party to three (3) long-term loan agreements. The proceeds of these loans were used to defray the cost of acquisition of computer equipment, additional County offices space, and the expansion of the jail facilities.

Bonds and loans payable at December 31, 2003 for the governmental activities are as follows:

\$1,860,000 Building Authority Courts and Law Building Refunding Bonds, Series 2003, dated October 15, 2003, due in annual installments ranging from \$175,000 to \$240,000 through June 1, 2012, with interest ranging from 2.0 to 3.6 percent, payable semi-annually.	\$ 1,860,000
\$1,935,000 Building Authority Kellogg Community College Refunding Bonds, Series 2003, dated October 1, 2003, due in annual installments ranging from \$225,000 to \$265,000 through November 1, 2011, with interest ranging from 2.0 to 3.375 percent, payable semi-annually.	1,935,000
\$950,000 Building Authority Bonds, Series 2002, dated July 25, 2002, due in annual installments ranging from \$25,000 to \$75,000 through July 1, 2021, with interest ranging from 4.9 to 6.0 percent, payable semi-annually.	910,000
\$392,000 Jail expansion installment loan payable dated August 18, 1997, due in an annual installment of \$59,000 due on July 1, 2004 with interest of 5.1 percent.	<u>59,000</u>
Total Direct County Obligations	<u>\$ 4,764,000</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE H: LONG-TERM DEBT - CONTINUED**

**PRIMARY GOVERNMENT - CONTINUED**

**Advanced Refunding - Current**

On October 1, 2003 the County defeased the entire outstanding balance, \$1,850,000, of the 1996 Building Authority Bonds which were due and payable November 1, 2011. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Building Authority 2003 Refunding Bonds in the amount of \$1,935,000 to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bond are not included in the County's financial statements. At December 31, 2003, bonds due and payable November 1, 2011 for 1996 Building Authority Bonds in the amount of \$1,775,000 are considered defeased.

As a result of the advance refunding, the County decreased its total debt service requirements by \$353,100, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$94,656.

On December 8, 2003 the County defeased the entire outstanding balance, \$1,775,000, of the 1993 Building Authority Bonds which were due and payable through December 1, 2012. This was accomplished by establishing an irrevocable trust with an escrow agent composed of cash and U.S. Government Securities sufficient to meet the applicable principal and interest payments. The County issued Building Authority 2003 Refunding Bonds in the amount of \$1,860,000 to fund escrow amounts and pay the cost of issuance of the refunding bonds. Accordingly, the trust account assets and liabilities for the defeased bond are not included in the County's financial statements. At December 31, 2003, bonds due and payable December 1, 2012 for 1993 Building Authority Bonds in the amount of \$1,775,000 are considered defeased.

As a result of the advance refunding, the County decreased its total debt service requirements by \$116,776, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$101,583.

**Accumulated Compensated Absences - Governmental Activities**

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$298,621 and \$181,223 for vacation and sick, respectively, at December 31, 2003. The amounts of \$319,896 and \$159,948 have been reported as current and non-current liabilities, respectively.

**Installment Loan - Governmental Activities**

\$263,225 installment loan payable, dated January 11, 2002, due in annual installments of \$52,645 through June 1, 2005 with interest of 5.09 percent, payable annually.

\$ 105,290

**Delinquent Tax Revolving Funds - General Obligation Limited Tax Notes - Business-type Activities**

The County issues General Obligation Limited Tax Notes in order to finance the purchase of delinquent real property taxes from the Cities, Villages, and Townships in the county, and from various County funds. These notes have varying maturities less than three years and are paid from delinquent tax collections. Delinquent property taxes receivable are pledged as collateral for the repayment of the outstanding delinquent tax notes.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE H: LONG-TERM DEBT - CONTINUED**

PRIMARY GOVERNMENT - CONTINUED

Delinquent Tax Revolving Funds - General Obligation Limited Tax Notes - Business-type Activities - continued

The following represents the amount outstanding at December 31, 2003, for the General Obligation Limited Tax Notes:

\$2,600,000 Series 2002, G.O. Limited Tax Notes, dated May 19, 2003. The bonds are due in varying maturities approximately every 30 days with final payment due on September 1, 2004. Interest rates shall be variable which does not exceed 11.5%. \$ 946,000

The bonds are due on the fifteenth day of each month in an amount equal to not less than 90% of the pledged delinquent taxes, interest, and County tax administration fees collected in the preceding month and remaining after providing for payment of interest due on the notes on said redemption date in increments of \$1,000 or multiples thereof at a redemption price equal to 100 percent of the principal redeemed, and accrued interest to the date of redemption, without premium.

Due to these terms, it is not possible to anticipate the amount of principal and interest that will be due each year.

By Statute, the County legal debt limit is restricted to ten percent (10%) of the equalized value of property in the County. At December 31, 2003, the County's debt limit amounts to \$133,505,483, and the long-term debt subject to the limitation is \$18,681,079.

Thornapple Manor Fund - General Obligation Bonds - Business-type Activities

Bonds payable at December 31, 2003 for the Medical Care Facility business-type activities are as follows:

\$2,395,000 Building Authority - Medical Care Facility Bonds, dated September 1, 1994, due in annual installments ranging from \$100,000 to \$225,000 through July 1, 2017, with interest ranging from 5.2 to 8.0 percent, payable semi-annually. \$ 2,200,000

COMPONENT UNIT - ROAD COMMISSION

Accumulated Employee Benefit Payable

In accordance with County Road Commission personnel policies and/or contracts negotiated with various employee groups of the County Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation, sick leave and longevity under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes amounted to \$39,406 and \$149,527 for vacation and sick, respectively, at December 31, 2003. This amount, \$188,933, has been reported as a non-current liability.

Installment Purchase Contract

Land contract agreement was entered into for Drake Pit II, due in annual installments of \$29,360 through 2004 payable annually. \$ 29,360

Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE H: LONG-TERM DEBT - CONTINUED**

**COMPONENT UNIT - BOARD OF PUBLIC WORKS**

Significant details regarding outstanding long-term debt (including current portions) are presented below:

The County through the Board of Public Works has constructed sewage disposal systems for Thornapple and Barry Townships, Gun Lake Sewer Authority, Southwest Barry Sewer Authority, and the Village of Middleville and is currently constructing a water tower in Yankee Springs Township. The County is leasing them to the local municipalities, who are operating, maintaining, and managing the systems. General Obligation bonds were sold with the full faith and credit of the local municipalities, and County pledged to the payment pursuant to Act 185, Public Acts of Michigan 1957, as amended. The principal and interest on bonds outstanding are to be paid out of money received from the local municipalities by the Board of Public Works of the County pursuant to the lease agreements. Upon final payment of the respective bond issues, ownership of the assets will revert to the local municipalities.

Bonds payable at December 31, 2003, per respective construction projects serviced from the Debt Service Funds of the Board of Public Works are as follows:

\$12,000,000 Southwest Barry County Sewage Disposal System Bonds dated April 1, 1993, due in annual installments ranging from \$750,000 to \$850,000 through November 1, 2010, with interest ranging from 4.9 to 5.5 percent, payable semi-annually.	\$ 5,600,000
\$1,870,000 Middleville Sanitary Sewer System Refunding Bonds dated October 15, 2003, due in annual installments ranging from \$35,000 to \$220,000 through November 1, 2014, with interest ranging from 2.0 to 3.8 percent, payable semi-annually.	1,870,000
\$1,110,000 Barry Township-Fair Lake Sewage Disposal System Extension Bonds dated August 1, 1998 due in annual installment of \$55,000 to \$65,000 through May 1, 2017 with interest of 4.3 to 5.2 percent, payable semi-annually.	880,000
\$1,125,000 Middleville Sanitary Sewer System Bonds dated February 1, 1999, due in annual installments ranging from \$50,000 to \$75,000 through October 1, 2018, with interest ranging from 3.9 to 4.8 percent, payable semi-annually.	950,000
\$650,000 Water Supply System Bonds dated June 26, 2003, maturity of which is not yet known. The County draws on the bonds as project expenditures are submitted. At project completion a maturity schedule will be set. Interest on the outstanding balance of 2.5 percent is payable semi-annually. Due to the unknown maturity schedule, it is not possible to anticipate the amount of principal and interest that will be due each year.	<u>175,778</u>
	<u>\$ 9,475,778</u>

**COMPONENT UNIT - DRAINAGE DISTRICTS**

Significant details regarding outstanding long-term debt (including current portions) are presented below:

The County has irrevocably pledged its full faith and credit as collateral for the following drain notes and amounts owed to other governmental units. These projects, except for the Collier-Mud Creek project, which is administered by Eaton County, are administered by the Barry County Drain Commission for various local drainage districts. The drain obligations were issued to finance the various Construction Funds for the purpose of paying costs in connection with various drainage district projects and are payable out of assessments to be made against the benefited properties.

Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE H: LONG-TERM DEBT - CONTINUED**

**COMPONENT UNIT - DRAINAGE DISTRICTS - CONTINUED**

Notes payable and amounts owed to other governmental units at December 31, 2003, per respective Drain projects serviced from the Debt Service Funds of the Drainage Districts are as follows:

Drain Notes

\$25,000 Winters and Extensions Drainage District Note dated November 15, 2000, due in annual installments of \$5,000 through June 1, 2005, with interest of 5.21 percent, payable annually. \$ 10,000

\$17,000 Early/Curtis Drainage District Note dated November 20, 2003, due in annual installments of \$5,667 through June 1, 2006, with interest of 2.91 percent, payable annually. 17,000

27,000

Due to other governmental units

\$1,300,000 Collier-Mud Creek Intercounty Drain Drainage District Bonds, dated February 1, 1998, were issued for a project administered in Eaton County. The liability is split between Eaton, Barry, and Ionia Counties. The Barry County drainage district liability for this bond issue amounts to 24.18% of the face amount of the bonds. Payment is due in annual installments of \$31,434 through May 1, 2007 less any prepaids paid directly to Eaton County. 125,518

TOTAL DRAINAGE DISTRICTS DRAIN NOTES AND OTHER OBLIGATIONS \$ 152,518

**COMPONENT UNIT - AIRPORT**

Loan Payable

The component unit Airport (Special Revenue) Fund, a joint venture between Barry County and the City of Hastings is party to a long-term loan agreement. The proceeds of the loan were used to construct airplane taxi streets and an access road.

Significant details regarding outstanding long-term debt (including current portions) are presented below:

\$100,000 Airport installment loan payable dated August 20, 2002, due in annual installments ranging from \$8,862 to \$12,143 with interest of 4.6 percent, payable annually. \$ 83,427

Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE H: LONG-TERM DEBT - CONTINUED**

The annual requirements to pay the debt principal and interest outstanding for the following bonds and loans are as follows:

**Primary Government**

Year Ending December 31,	Direct County Obligations			Installment Loan		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 584,000	\$ 284,082	\$ 868,082	\$ 52,645	\$ 5,449	\$ 58,094
2005	550,000	255,243	805,243	52,645	2,717	55,362
2006	590,000	238,855	828,855	-	-	-
2007	580,000	221,586	801,586	-	-	-
2008	605,000	202,761	807,761	-	-	-
2009-2013	2,730,000	655,304	3,385,304	-	-	-
2014-2018	1,100,000	212,250	1,312,250	-	-	-
2019-2021	225,000	19,650	244,650	-	-	-
	<u>\$ 6,964,000</u>	<u>\$ 2,089,731</u>	<u>\$ 9,053,731</u>	<u>\$ 105,290</u>	<u>\$ 8,166</u>	<u>\$ 113,456</u>

**Component Units**

Year Ending December 31,	Drainage Districts Drain Bonds and Notes		Board of Public Works Water and Sewer Bonds		Airport Loans Payable		Road Commission Installment Purchase	
	Principal	Interest	Principal	Interest	Principal	Interest	Payment	Interest
2004	\$ 42,101	\$ 5,932	\$ 890,000	\$ 395,986	\$ 8,862	\$ 3,837	\$ 29,360	\$ 3,670
2005	42,101	4,299	1,020,000	349,963	9,270	3,430	-	-
2006	37,101	2,412	1,065,000	301,238	9,696	3,004	-	-
2007	31,215	754	1,085,000	250,258	10,142	2,558	-	-
2008	-	-	1,080,000	197,760	10,609	2,090	-	-
2009-2013	-	-	3,305,000	448,300	34,848	3,254	-	-
2014-2018	-	-	855,000	87,560	-	-	-	-
2019-2023	-	-	-	-	-	-	-	-
2024-2028	-	-	-	-	-	-	-	-
	<u>\$ 152,518</u>	<u>\$ 13,397</u>	<u>\$9,300,000</u>	<u>\$2,031,065</u>	<u>\$ 83,427</u>	<u>\$ 18,173</u>	<u>\$ 29,360</u>	<u>\$ 3,670</u>

**NOTE I: EMPLOYEE RETIREMENT SYSTEM**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time County employees are covered by the retirement system with exception of the Road Commission employees. The Road Commission employees are covered under a separate retirement plan. The retirement plan also includes employees that work for County departments, which are excluded from the financial statements.

The benefits and conditions outlined below are for general information only. Public Act 427 of 1984, as amended, covers the benefits and conditions of the Municipal Retirement systems.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

## Normal Retirement:

Age 50 with 25 or more years of credited service  
 Age 55 with 15 or more years of credited service  
 Age 60 with 10 or more years of credited service  
 Mandatory Retirement: None

## Deferred Retirement:

The termination of membership before age 60, other than by retirement or death, after 10 years of credited service is considered a deferred retirement. Retirement allowance begins upon application and satisfaction of normal retirement requirements. The retirement allowance is computed in the same manner as a service retirement with the applicable benefit program being determined as of the date of termination of membership.

Rights to an allowance are forfeited if the member's accumulated contributions are withdrawn.

Benefit allowances are computed based on the applicable criteria as detailed within the plan. Death and disability benefits are also provided.

Funding Policy

Covered employees can contribute between 0% and 10% of their annual salary to the retirement system. Employees hired prior to 1985 may be allowed to contribute 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200. The County is required to contribute the remaining amounts necessary to fund the system.

Annual Pension Cost

For the year ended December 31, 2003 the County's annual pension cost of \$872,599 for the plan was equal to the County's required contribution. The annual required contribution was determined as part of an actuarial valuation of the plan as of December 31, 2001, using the entry actual age cost method. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

Three (3) year trend information

	Year Ended December 31,		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Actuarial value of assets	\$ 18,300,699	\$ 19,730,591	\$ 19,386,651
Actuarial accrued liability (AAL) (entry age)	22,754,940	26,673,502	27,151,679
Unfunded AAL	4,454,241	6,942,911	7,765,028
Funded ratio	80%	74%	71%
Covered payroll	10,843,018	11,711,650	10,625,853
UAAL as a percentage of covered payroll	41%	59%	73%
Annual pension cost	596,306	625,915	872,599
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION

The Barry County Board of Road Commissioners has a 401-K, single employer defined contribution plan, available to all employees of the Road Commission. A defined contribution plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will received depend solely on the amount contributed to the participant's account, the returns earned on the investments of those contributions, and the forfeitures of other participant's account. All employees who are at least 21 years old and have completed six months of service are eligible to participate.

The plan allows each employee to determine his/her own contribution, up to 60% of his or her salary, according to current provisions of the Internal Service Code. The Road Commission contributes 10% of the employees' salary. These contributions are not dependent of the participation of the employees. The plan uses the accrual basis of accounting with investments stated at market.

Employees are allowed to borrow from their account and at December 31, 2003, the outstanding loan balances were \$92,075. Employee and employer contributions are paid to the plan on each payroll date (bi-weekly) and for the year ending December 31, 2003; the Road Commission's contribution to the plan was \$144,102. Employee contributions to the plan were \$138,549 for 2003. Total 2003 payroll of the Road Commission was \$1,782,593, and total covered payroll was \$1,673,583. The Road Commission's contributions represent 8.61% of covered payroll and the employees' contributions represents 8.28% of covered payroll.

**NOTE J: CONTINGENT LIABILITIES**

The County participates in a number of Federal and State assisted grant programs that are subject to compliance audits. The Single Audit of the Federal programs and the periodic program compliance audits of many of the State programs have not yet been conducted, completed, or resolved. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

There are various legal actions pending against the County. Due to the inconclusive nature of many of the actions, it is not possible for Legal Counsel to determine the probable outcome or a reasonable estimate of the County's potential liability, if any. Those actions for which a reasonable estimate can be determined of the County's potential liability and that would not be covered by insurance and reserves, if any, are considered by County Management and Legal Counsel to be immaterial.

**NOTE K: RISK MANAGEMENT**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

Primary Government

The County is self-insured for health, workers' compensation, and disability. Each participating fund of the County makes payments to the respective self-insurance Internal Service Fund equal to an established percentage of gross salaries for that fund. These payments are accounted for as fringe benefit charges in the paying fund and charges for services in the receiving fund.



## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE K: RISK MANAGEMENT - CONTINUED**

## PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

Primary Government - continued

The County is self insured for health insurance up to \$35,000 for each covered person up to an aggregate amount of \$1,000,000 annually per person. The County is insured for the amount of claims in excess of the \$35,000 up to \$1,000,000 annually per person. The County is then self-insured for annual aggregate claims per person in excess of the \$1,000,000 insurance coverage. The program is administered by Blue Cross and Blue Shield of Michigan, which furnish claims review and processing.

The County is completely self-insured for disability benefits. The plan covers all employees except employees at the Mental Health and Medical Care facilities. The Disability Benefits Plan basically provides benefits of 67% of current wages up to a maximum of \$350 per week, for a period not to exceed 52 weeks. The program is administered by Fortis Benefits Insurance Company, which furnishes claims review and processing.

The County is self-insured for workers' compensation up to \$275,000 for each loss up to an aggregate amount of \$3,000,000 for a two (2) year period. The County is insured for the amount of claims in excess of such limitation to a maximum of \$5,000,000 for each occurrence. The County is then self-insured for annual aggregate claims in excess of insurance coverage. The program is administered by a Service Agency that furnishes claims review and processing.

The County is a voluntary member of the Michigan Municipal Risk Management Authority which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately.

The administration of the Authority is directed by a nine (9) member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered with the authority to impose sanctions or terminate membership. The County, by resolution of the County Board of Commissioners, has designated a representative to the Authority to be responsible for the execution of all loss control measures, to ensure the payment of all annual and supplementary or other payment requirements, to ensure the filing of all required reports, and to act as a liaison between the County and the Authority.

The Authority provides risk management, underwriting, reinsurance, and claim services with member contributions allocated to meet these obligations. The Authority administers a risk management fund providing Barry County with loss protection for general and auto liability, motor vehicle physical damage, and property damage. Under most circumstances the County's maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and auto liability	\$ 75,000
Motor vehicle physical damage	15,000
Property coverage	10,000

The Authority has established a Retained Risk Program to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that losses are incurred in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. The Authority may authorize dividends to individual members in the event that the members and individual fund balance is determined to be sufficient to do so.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE K: RISK MANAGEMENT - CONTINUED**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

Primary Government - continued

Liability insurance claims are expenses as incurred. The liability is determined by the Michigan Municipal Risk Management Authority management based on an actuarial study performed using historical data and available insurance industry statistics. The liability includes a reserve for reported claims, and reported legal expenses as well as incurred but not reported claims.

The Authority has reserved fund balance to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that Barry County incurs a loss in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess.

In addition, the Authority has accumulated resources to create and fund an internal Stop Loss Fund. The Stop Loss Fund was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of \$143,000, net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of \$143,000 net of reinsurance recoveries are paid entirely from the Internal Stop Loss Fund. If at any time the Stop Loss Fund is insufficient to fund Barry County's losses, the remaining liability shall become the responsibility of the Authority as a whole.

At December 31, 2003, the County had funds on deposit of \$171,340 with the Authority and reserves for reported claims of \$22,625.

Blended Component Unit

Thornapple Manor is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees.

Thornapple Manor, as part of the County, participates in the Michigan Municipal Risk Management Authority (risk pool) for claims relating to general and auto liability (including medical malpractice), auto physical damage and property loss claims. The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the County.

Thornapple Manor is insured for workers' compensation claims via a policy with a commercial carrier.

Thornapple Manor is insured against potential professional liability claims under an occurrence-basis policy, whereby all claims resulting from incidents that occur during the policy period are covered up to insured limits, regardless of when the claims are reported to the insurance carrier. There are no known outstanding or pending claims at December 31, 2003.

Thornapple Manor, as part of the county, is self insured for employee medical benefit claims. Thornapple Manor estimates the liability (included in accounts payable) for employee medical benefit claims incurred through the end of the year, including both those claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the past year was as follows:

	<u>2003</u>
Estimated liability - Beginning of the year	\$ 75,000
Estimated claims incurred, including changes in estimates	928,008
Claims payments	<u>( 928,008 )</u>
Estimated liability - End of the year	<u>\$ 75,000</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE K: RISK MANAGEMENT - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION

Barry County Road Commission is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters.

Barry County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan, which authorizes contracts between municipal corporations (inter-local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverage, auto liability coverage, property insurance coverage, stop loss insurance protections, claims administration and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

Barry County Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, automobile and equipment liability, errors or omissions liability and bodily injury, property damage and personal injury liability. The agreement for the information of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Road Commission also has self-insurance for worker's compensation as a member of the County Road Association Self-Insurance Fund. The Road Commission's employee medical benefits insurance is purchased through Blue Cross and Blue Shield.

At December 31, 2003, there were no claims that exceeded insurance coverage. The Road Commission did not have any significant reduction in insurance coverage from previous years.

**NOTE L: PROPERTY TAXES AND TAX RECEIVABLE**

The County property tax is levied each December 1 on the taxable valuation of property located in the County as of the preceding December 31. On December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next February.

Although the County's 2002 ad valorem tax is levied and collectible by December 31, 2003, it is the County's policy for all governmental fund types to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

Taxable values are established annually by the local municipalities and are equalized by the County based on State statutes at an estimated percentage of the current market value. Real and personal property in Barry County for the 2002 levy had a taxable value of \$1,335,054,837 on which ad valorem taxes levied for County general operating purposes was 4.8937 mills. The County Parks and Recreation, Commission on Aging, Central Dispatch, and Thornapple Manor Funds levied .2359, .2359, .7500, and .8500 mills respectively.

Taxes are collected by the various tax collecting units from the date of the levy and remitted to the County through the Trust and Agency Fund for distribution to the General, Special Revenue, Debt Service, and Enterprise Funds. The property tax levied December 1 are accrued as current tax receivable with the appropriate deferral, and are budgeted as revenue in the subsequent year in the General, Parks and Recreation, Commission on Aging, Central Dispatch (Special Revenue), and Thornapple Manor (Enterprise) Funds.

Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE L: PROPERTY TAXES AND TAX RECEIVABLE - CONTINUED**

Taxes receivable recorded in the respective funds at December 31, 2003, are as follows:

Taxes Receivable	General	Special Revenue			Enterprise		Total
		Central Dispatch	Parks and Recreation	Commission on Aging	Delinquent Tax Revolving Funds	Thorn- apple Manor	
Current	\$ 7,928,917	\$ 1,350,568	\$ 330,271	\$ 330,271	-	\$ 1,191,635	\$ 11,131,662
Delinquent	-	-	-	-	1,110,052	-	1,110,052
	<u>\$ 7,928,917</u>	<u>\$ 1,350,568</u>	<u>\$ 330,271</u>	<u>\$ 330,271</u>	<u>\$ 1,110,052</u>	<u>\$ 1,191,635</u>	<u>\$ 12,241,714</u>

The delinquent taxes receivable represents unpaid real property taxes in the Delinquent Tax Revolving Funds.

By agreement with the various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1, and records a corresponding delinquent taxes receivable.

These receivables are pledged to a bank for the payment of the notes payable, the proceeds of which were used to liquidate the amounts owed to the General, Special Revenue and Enterprise Funds and other taxing authorities. Subsequent collection on the delinquent taxes receivable, plus interest and administration fees thereon, and investment earnings are used to service the notes payable.

At the end of three (3) years any real property taxes not collected are charged back to the General, Special Revenue, and Enterprise Funds and all other taxing authorities affected. Past experience has indicated that such chargebacks should not be material and, as a result there has been no establishment of an amount for uncollectible taxes receivable in any of the funds. This activity is accounted for in the Delinquent Tax Revolving Funds.

**NOTE M: PRIOR PERIOD ADJUSTMENTS**

The following prior period adjustments were made during the current period, which were the result of corrections of accounting errors. These adjustments were reported as changes to beginning fund equity. The effect on operations and other affected balances for the current year and prior period are as follows:

**PRIMARY GOVERNMENT**

	December 31,		Description
	2003	2002	
General Fund			
Cash	\$ -	\$( 25,000 )	Establish new fund
Fund Balance - beginning	( 25,000 )	-	
Special Revenue Funds			
Master Land Use Plan			
Cash	-	25,000	Establish new fund
Fund balance - beginning	25,000	-	
Capital Projects Funds			
Friend of the Court			
Accounts payable	-	31,313	Correct overstated accounts
Revenues over (under) expenditures	-	( 31,313 )	payable
Fund balance - beginning	31,313	-	

Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE M: PRIOR PERIOD ADJUSTMENTS - CONTINUED**

**PRIMARY GOVERNMENT - CONTINUED**

Internal Service Funds

Data Processing

Capital assets, net	\$ -	\$( 90,145 )	Correct understated
Revenues over (under) expenses	-	( 90,145 )	accumulated depreciation
Retained earnings - beginning	( 90,145 )	-	

Fringe benefits

Due from others	-	( 72,033 )	Correct overstated receivable
Revenues over (under) expenses	-	72,033	
Retained earnings - beginning	( 72,033 )	-	

Vehicle fund

Capital assets, net	-	261,510	Correct understated capital
Revenues over (under) expenses	-	261,510	assets
Retained earnings - beginning	261,510	-	

Enterprise Funds

Transit

Accounts receivable	-	( 14,513 )	Correct overstated accounts
Net assets - beginning	( 14,513 )	-	receivable
Net income	-	( 14,513 )	

**COMPONENT UNIT - ROAD COMMISSION**

With the Implementation of GASB 34, Michigan Transportation Funds Revenue Recognitions went from modified accrual basis to full accrual. This change resulted in recognizing 13 months of Michigan Transportation Funds in the year of implementation. Due to the fact the amount is material, the State of Michigan requires a prior period adjustment to restate beginning fund balance. The result is as follows:

Fund balance - December 31, 2002	\$ 2,565,260
Adjustment for Motor Transportation Funds	<u>353,988</u>
Fund balance - January 1, 2003	<u>\$ 2,919,248</u>

**NOTE N: FUND EQUITY RESERVES AND DESIGNATIONS**

Reserved fund balance and retained earnings are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditure or has been legally segregated for a specific future use. Designated fund balance indicates that portion of fund balance that the County has set aside for specific purposes.

The following are the various fund balance reserves as of December 31, 2003:

**PRIMARY GOVERNMENT**

General Fund

Reserved for

Advances to component units	\$ 44,085
Advances to other funds	1,000
Family counseling	<u>26,740</u>

71,825

Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE N: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED**

PRIMARY GOVERNMENT - CONTINUED

Special Revenue Funds

CDBG - Housing

Reserved for grant expenditures	\$ 15,781
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Debt Service Funds

Jail Expansion

Reserved for debt service	6,115
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Friend of the Court Renovation

Reserved for debt service	3,980
---------------------------	-------

Building Authority Courts and Law

Reserved for debt service	78,149
---------------------------	--------

City Hall

Reserved for debt service	4,840
---------------------------	-------

93,084

Permanent Fund

Cemetery Perpetual Care

Reserved for perpetual care	26,599
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135,464

Internal Service Funds

Data Processing Fund

Reserved for debt service	105,290
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Workers Compensation Fund

Reserved for potential losses	288,555
-------------------------------	---------

Fringe Benefits Fund

Reserved for employee benefits	2,109,659
--------------------------------	-----------

Dental and Optical Fund

Reserved for potential losses	36,224
-------------------------------	--------

Unemployment Fund

Reserved for potential losses	391
-------------------------------	-----

2,540,119

Enterprise Funds

2002 Delinquent Tax Revolving

Reserved for debt service	184,358
---------------------------	---------

Transit

Reserved for transit activities	324,617
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508,975

TOTAL PRIMARY GOVERNMENT

3,256,383

COMPONENT UNITS

Drainage Districts

Algonquin Lake Dam Project

Reserved for debt service	132,001
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## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE N: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED**

## COMPONENT UNITS - CONTINUED

Board of Public Works	
Duncan Lake Sewer	
Reserved for debt service	\$ 679
Gun Lake Sewer	
Reserved for debt service	2,100
Southwest Barry County Sewer	
Reserved for debt service	3,868
Southwest Barry/Fair Lake Sewer	
Reserved for debt service	518
Freeport Water Supply System	
Reserved for debt service	255
1994 Middleville Sewer	
Reserved for debt service	1,066
1999 Middleville Sewer	
Reserved for debt service	<u>315</u>
	8,801
Airport	
Reserved for capital improvements	<u>20,505</u>
TOTAL COMPONENT UNITS	<u>161,307</u>
TOTAL REPORTING ENTITY	<u>\$ 3,417,690</u>

The following are the various fund balance designations as of December 31, 2003:

## PRIMARY GOVERNMENT

Special Revenue Funds	
Museum Building	
Designated for special projects	\$ 9,558
Central Dispatch	
Designated for capital expenditures	<u>125,000</u>
TOTAL PRIMARY GOVERNMENT	134,558

## COMPONENT UNITS

Drainage Districts	
Regular Drain	
Designated for capital expenditures	62,393
Revolving Drain	
Designated for capital expenditures	<u>9,237</u>
	71,630
Board of Public Works	
Freeport Water Supply System	
Designated for capital expenditures	1,046
1999 Middleville Construction	
Designated for capital expenditures	<u>185,187</u>
	<u>186,233</u>
TOTAL COMPONENT UNITS	<u>257,863</u>
TOTAL REPORTING ENTITY	<u>\$ 392,421</u>

Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE O: RESTRICTED NET ASSETS**

Restrictions of net assets shown in the Government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net asset restrictions as of December 31, 2003:

PRIMARY GOVERNMENT

Governmental activities

Restricted for

Public safety

911 Central dispatch	\$ 1,318,422
Justice training	9,211
Law enforcement	16,524
D.A.R.E. program	5,257
School liaison	2,367
Technology (BIP)	155
Special investigation	22,720
Crime victims rights week	37,437
Middleville police services	19,546
Vulnerable adults	<u>2,500</u>

\$ 1,434,139

Capital improvements

Friend of the Court building

\$ 30,823

Debt service

Jail expansion	\$ 6,115
Friend of the Court renovation	3,980
Building Authority Courts and Law	78,149
City Hall	4,840
Data processing	<u>105,290</u>

\$ 198,374

Other purposes

Family counseling	\$ 26,740
Friend of the Court	2,143
Solid waste planning	131,716
Register of Deeds automation	87,145
Budget stabilization	118,450
Law library	40,765
Childcare activities	655,199
CDBG Housing	15,781
Veteran trust	3,322
Animal shelter donations	136,804
Museum building	41,170
COA building	10,484
Building rehabilitation	96,454
New building	9,598
Commission on Aging	123,108
Cemetery perpetual care	26,599
Potential self-funded insurance losses	325,170
Employee benefits	<u>2,109,659</u>

\$ 3,960,307



Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE O: RESTRICTED NET ASSETS - CONTINUED**

PRIMARY GOVERNMENT - CONTINUED

Business-type activities

Restricted for debt service

2002 Delinquent Tax Revolving \$ 184,358

Other purposes - Transit Activities

Transit \$ 324,617

Other purposes - Medical Care Activities

Thornapple Manor \$ 3,538,299

COMPONENT UNITS

Road Commission

Restricted for County roads \$ 2,794,901

Drainage Districts

Restricted for debt service

Algonquin Lake Dam Project \$ 227,790

Restricted for drain projects

Regular drain \$ 62,393

Revolving drain maintenance 9,237

\$ 71,630

Board of Public Works

Restricted for capital improvement

Freeport Water Supply System \$ 1,046

1999 Middleville construction 185,187

\$ 186,233

Restricted for debt service

Duncan Lake Sewer \$ 679

Gun Lake Sewer 2,100

Southwest Barry County Sewer 3,868

Southwest Barry/Fair Lake Sewer 518

Freeport Water Supply System 255

1994 Middleville Sewer 1,066

1999 Middleville Sewer 315

\$ 8,801

Airport

Restricted for airport activities

\$ 19,066

Economic Development

Restricted for economic development

\$ 90,666

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE P: FLEXIBLE BENEFITS PLAN**

In January 1989 the County implemented a flexible benefits cafeteria plan established under Section 125 of the Internal Revenue Code. No formal plan documents were present for the plan. The plan, available to all employees who are eligible for medical, dental, and other benefit plans provided by the County, permits them to reduce their salary and put these amounts into a flexible benefits account up to certain limits. The plan allows the employee to reduce their salary and apply it to required premium payments, or medical expense reimbursement benefits. A participating employee may elect instead a cash alternative to supplement salary compensation in lieu of a nontaxable health benefit. An employee's elected cash alternative will be considered a taxable benefit under the Flexible Benefit Plan.

The plan is administered by Barry County.

**NOTE Q: POST-RETIREMENT HEALTH CARE BENEFITS**

**PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)**

In addition to providing pension benefits, the County provides certain health care benefits and life insurance, in accordance with union agreements and/or personnel policies to employees who have retired. The County has a self-insured health program which pays for claims (less deductible and co-pay) in accordance with the group that the employee retired from. For most retirees this is for the ages 60 to 65, and no retiree contribution is required. For some Sheriff Department retirees, the age is 50 or 55, but they must contribute to the program. At age 65, all retirees must contribute to the program in order to continue coverage. The activity related to the process is accounted for in the Fringe Benefits (Internal Service) Fund. The fund charges the applicable fund that the employee worked for a cost related to each retiree based on administratively determined percentage. The Internal Service Fund recognizes these charges as revenue and the payments of insurance as expense. Currently, twenty-six (26) retirees meet those eligibility requirements. Expenditures for post-employment health care benefits are recognized when claims are paid. During the year, expenditures of \$56,327 were recognized for post-employment health care.

The County also pays the life insurance premium for those retirees who ask for coverage under a \$5,000 policy. The total monthly premium was \$2.10 until the cost increase to \$5 per month at which time the retiree must absorb the difference. In 2003 forty-two (42) retirees were covered at a cost of \$1,058 to the County. Expenditures are recognized as the insurance premiums become due.

**COMPONENT UNIT - ROAD COMMISSION**

As of January 1, 2003, Barry County Road Commission changed their policy for providing hospitalization medical coverage for their employees following retirement. Per the policy in place as of December 31, 2002, Barry County Road Commission provided hospitalization medical coverage and life insurance on a complimentary basis for any employee who retired at age 55 with at least eight years of service. Barry County Road Commission continues to provide life insurance using the same parameters. Four current employees and one who retired during the year ended December 31, 2003, were grandfathered in under the previous policy. All other current employees receive no health benefits upon retirement.

The benefits are provided based on requirements of employee contracts and are financed on a pay-as-you-go basis. For the year ended December 31, 2003, Barry County Road Commission expended \$183,373 for 32 participants currently eligible to received benefits.

Barry County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE R: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

In the body of the general purpose financial statements, the County's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the County have been adopted at the activity level for the General Fund and the fund level for the Special Revenue Fund.

During the year ended December 31, 2003, the County incurred expenditures in the General Fund and seven (7) Special Revenue Funds in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
General government			
Equalization	\$ 174,622	\$ 175,596	\$ 974
Public safety			
Sheriff	1,831,433	1,836,054	4,621
Other financing uses			
Operating transfers to other funds			
Master land use plan	-	55,980	55,980
Social welfare	10,000	10,500	500
Parks and recreation	21,150	62,712	41,562
Health insurance	-	61,701	61,701
Disability	-	39,895	39,895
Life insurance	-	3,221	3,221
Retirement	-	15,948	15,948
Special Revenue Funds			
Values grant	12,895	13,456	561
Commission on Aging	738,244	815,168	76,924
CDBG Housing	300,000	318,507	18,507
Adult Drug Court	102,570	116,073	13,503
Child Care Welfare	500	3,090	2,590
Diverted Felons	66,000	67,891	1,891
Master Land Use Plan	25,000	30,980	5,980

**NOTE S: FUND EQUITY DEFICITS**

The following funds had fund equity deficits at December 31, 2003:

	<u>Deficit</u>
Primary Government	
Special Revenue Funds	
Township Police Services	\$ 8,509
Adult Drug Court	15,033

The Adult Drug Court anticipates an additional \$6,286 in grant funds may be collected in 2004 to assist in the reduction of the above deficit.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## Barry County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES

Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current and delinquent property taxes	\$ 6,402,458	\$ 6,444,903	\$ 6,370,078	\$ (74,825)
Payments in lieu of taxes	4,500	4,500	6,412	1,912
Mobile home park taxes	4,000	4,000	6,331	2,331
Industrial and commercial facility tax	11	11	10,753	10,742
Total taxes	6,410,969	6,453,414	6,393,574	(59,840)
Licenses and permits				
Gun permits	4,000	4,000	3,018	(982)
Dog licenses	90,500	74,500	73,882	(618)
Marriage license fees	9,160	9,160	8,920	(240)
Planning services	47,500	47,500	46,775	(725)
Total licenses and permits	151,160	135,160	132,595	(2,565)
Intergovernmental - Federal/State				
Emergency management	28,690	47,009	27,408	(19,601)
State domestic preparedness	-	119,734	59,029	(60,705)
Cooperative reimbursement - medical	22,553	22,553	19,984	(2,569)
Community oriented policing	-	-	1,978	1,978
ADC maintenance assistance	45,000	45,000	39,727	(5,273)
Cooperative reimbursement				
Friend of the court	484,625	484,625	468,282	(16,343)
Prosecuting attorney	30,689	30,689	34,706	4,017
Probate court judge	133,919	133,919	146,930	13,011
Circuit court judge	45,724	45,724	45,724	-0-
District court judge	45,724	45,724	45,724	-0-
State court fees	269,712	283,576	283,576	-0-
District court case flow assistance	14,000	14,000	13,773	(227)
Voter aid registration	1,000	1,000	844	(156)
Sheriff secondary road patrol	85,708	85,708	130,741	45,033
Cigarette tax	31,631	31,631	34,132	2,501
Marine safety	46,768	46,768	93,804	47,036
Victims right act	350	17,885	28,375	10,490
Convention and tourism tax	116,372	116,372	119,845	3,473
Revenue sharing - per capita	1,144,905	957,715	1,128,720	171,005
Revenue sharing - inventory	82,000	79,412	79,412	-0-
Liquor law enforcement	5,500	5,500	5,799	299
Other	1,000	1,000	1,043	43
Total intergovernmental - Federal/State	2,635,870	2,615,544	2,809,556	194,012

## Barry County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES - CONTINUED

Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES - CONTINUED				
Charges for services				
Circuit Court	\$ 229,940	\$ 229,940	\$ 221,003	\$ (8,937)
District Court	591,000	591,000	529,804	(61,196)
Friend of the Court	30,000	30,000	41,230	11,230
Probate Court	28,000	32,000	29,871	(2,129)
County Treasurer	1,650	1,650	3,316	1,666
County Clerk	62,760	62,760	64,018	1,258
Register of Deeds	251,300	363,285	412,411	49,126
Real estate transfer tax	180,000	218,000	227,345	9,345
Mapping department	4,000	4,000	6,684	2,684
Juvenile Court	20,360	24,360	25,836	1,476
Sheriff Department	153,300	161,300	119,545	(41,755)
Record copying	52,500	52,500	103,226	50,726
Pay phone commissions	20,000	20,000	18,013	(1,987)
Other sales	11,250	11,250	17,529	6,279
Other	8,075	8,075	9,052	977
Total charges for services	1,644,135	1,810,120	1,828,883	18,763
Interest and rents				
Interest on investments	275,000	275,000	115,278	(159,722)
Rents	60,160	60,160	54,760	(5,400)
Total interest and rents	335,160	335,160	170,038	(165,122)
Fines and forfeits				
Bond forfeitures	10,000	10,000	12,179	2,179
Ordinance fines and costs	20,000	20,000	13,291	(6,709)
Total fines and forfeits	30,000	30,000	25,470	(4,530)
Other				
Reimbursements and refunds	6,200	39,182	65,403	26,221
Family counseling reserve	-	21,000	-	(21,000)
Other	1,000	1,000	2,493	1,493
Total other	7,200	61,182	67,896	6,714
TOTAL REVENUES	11,214,494	11,440,580	11,428,012	(12,568)

Barry County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES - CONTINUED

Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES				
Operating transfers from other funds				
Delinquent tax revolving	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ 140,000</u>	<u>\$ -0-</u>
 TOTAL REVENUES AND OTHER FINANCING SOURCES	<u><u>\$11,354,494</u></u>	<u><u>\$11,580,580</u></u>	<u><u>\$11,568,012</u></u>	<u><u>\$ (12,568)</u></u>

## Barry County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY

Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Board of Commissioners	\$ 201,308	\$ 213,513	\$ 210,064	\$ 3,449
Circuit Court	448,302	464,399	461,441	2,958
District Court	822,737	851,043	798,132	52,911
Jury board	3,575	3,575	2,939	636
Probate Court	657,929	688,143	673,313	14,830
Adult probation	13,576	13,576	11,212	2,364
County Administrator	215,395	221,164	216,169	4,995
Elections	10,593	10,593	4,102	6,491
Legal counsel	50,000	50,000	38,802	11,198
Clerk	375,835	404,525	376,084	28,441
Equalization	168,538	174,622	175,596	(974)
Prosecuting Attorney	590,580	616,600	600,121	16,479
Register of Deeds	161,979	180,317	176,494	3,823
Land information services	176,613	183,346	171,817	11,529
Treasurer	202,094	216,809	208,577	8,232
Cooperative extension	126,682	130,551	126,774	3,777
Courthouse and grounds	373,757	376,297	353,322	22,975
Drain commissioner	105,837	116,090	114,179	1,911
Other	406,767	193,303	166,144	27,159
Total general government	5,112,097	5,108,466	4,885,282	223,184
Public safety				
Sheriff	1,716,802	1,831,433	1,836,054	(4,621)
Secondary Road Patrol	93,817	96,888	90,721	6,167
Marine safety	92,427	97,688	76,022	21,666
Emergency services	60,834	200,856	120,889	79,967
Jail	1,123,250	1,161,369	1,157,236	4,133
Animal control	175,840	187,290	179,754	7,536
Total public safety	3,262,970	3,575,524	3,460,676	114,848
Public works				
Department of public works	2,423	2,583	1,749	834



## Barry County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY - CONTINUED

Year Ended December 31, 2003

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Health and welfare				
District Health department	\$ 355,715	\$ 355,715	\$ 352,628	\$ 3,087
Community mental health	145,000	145,000	145,000	-0-
Health department building	64,839	73,221	72,369	852
Soldiers and sailors relief	3,500	3,500	3,399	101
Medical examiner	66,050	66,050	56,623	9,427
Veterans counselor	14,325	14,325	7,881	6,444
Veterans burials	39,250	39,250	27,883	11,367
Total health and welfare	688,679	697,061	665,783	31,278
Community and economic development				
Planning department	196,542	204,648	200,237	4,411
Other				
Insurance and bonds	229,508	251,170	247,891	3,279
Capital outlay	25,000	38,824	13,824	25,000
TOTAL EXPENDITURES	9,517,219	9,878,276	9,475,442	402,834
OTHER FINANCING USES				
Operating transfers to other funds				
Adult Drug Court	9,133	16,252	16,252	-0-
Friend of the Court	757,080	777,777	757,080	20,697
Law Library	3,500	3,500	3,500	-0-
Juvenile Drug Court	-	6,571	6,571	-0-
Remonumentation	8,003	8,003	8,003	-0-
Master land use plan	-	-	55,980	(55,980)
Township Police Services	-	7,908	7,908	-0-
Jail Expansion	70,000	70,000	70,000	-0-
Data Processing	70,000	70,000	70,000	-0-
Friend of the Court Renovation	77,013	77,013	77,013	-0-
Solid Waste	1,250	1,250	1,250	-0-
Child Care Probate	381,052	381,052	381,052	-0-
Child Care Welfare	500	500	500	-0-
Juvenile Justice Training	48,383	48,383	48,383	-0-
Social Welfare	10,000	10,000	10,500	(500)
Commission on Aging	15,000	15,000	15,000	-0-

## Barry County, Michigan

## General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY - CONTINUED

Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING USES - CONTINUED				
Operating transfers to other funds - Continued				
Park	\$ 8,000	\$ 21,150	\$ 62,712	\$ (41,562)
McKeown Bridge Park	500	500	500	-0-
Health insurance	-	-	61,701	(61,701)
Disability	-	-	39,895	(39,895)
Life insurance	-	-	3,221	(3,221)
Retirement	-	-	15,948	(15,948)
Substance abuse	58,186	59,930	59,926	4
Courts and Law Building	222,325	222,325	222,325	-0-
Total transfers to other funds	1,739,925	1,797,114	1,995,220	(198,106)
Operating transfers to component units				
Road Commission	16,000	16,000	16,000	-0-
Economic Development	60,000	60,000	60,000	-0-
Airport	21,350	21,350	21,350	-0-
Total transfers to component units	97,350	97,350	97,350	-0-
TOTAL OTHER FINANCING USES	1,837,275	1,894,464	2,092,570	(198,106)
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 11,354,494	\$ 11,772,740	\$ 11,568,012	\$ 204,728

## Barry County, Michigan

## Central Dispatch Fund

## BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 979,257	\$ 979,257	\$ 976,768	\$ (2,489)
Intergovernmental - Federal/State	85,000	85,000	143,539	58,539
Interest	26,040	26,040	25,236	(804)
TOTAL REVENUES	1,090,297	1,090,297	1,145,543	55,246
EXPENDITURES				
Current				
Public safety	1,156,708	1,156,708	1,016,639	140,069
Capital outlay	140,000	140,000	14,461	125,539
TOTAL EXPENDITURES	1,296,708	1,296,708	1,031,100	265,608
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(206,411)	(206,411)	114,443	320,854
Fund balances, beginning of year	1,203,979	1,203,979	1,203,979	-0-
Fund balances, end of year	<u>\$ 997,568</u>	<u>\$ 997,568</u>	<u>\$ 1,318,422</u>	<u>\$ 320,854</u>

## **OTHER SUPPLEMENTARY INFORMATION**

Barry County, Michigan

Non-major Governmental Funds

COMBINING BALANCE SHEET

December 31, 2003

	Special		
	Parks and Recreation	Friend of the Court	Supervised Parenting
ASSETS			
Cash and cash equivalents	\$ 113,923	\$ 47,073	\$ -
Investments	-	-	-
Receivables			
Accounts	-	-	-
Taxes	330,271	-	-
Interest	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
TOTAL ASSETS	<u>\$ 444,194</u>	<u>\$ 47,073</u>	<u>\$ -0-</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 5,249	\$ -
Accrued payroll	-	36,846	-
Accrued liabilities	-	2,835	-
Due to other funds	-	-	-
Due to other governmental units - State	-	-	-
Deferred revenue	330,271	-	-
TOTAL LIABILITIES	330,271	44,930	-0-
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in:			
Special revenue funds	113,923	2,143	-
Capital projects funds	-	-	-
TOTAL FUND BALANCES	<u>113,923</u>	<u>2,143</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 444,194</u>	<u>\$ 47,073</u>	<u>\$ -0-</u>

Revenue

Solid Waste	Animal Shelter Donation	Community Resource Network	Abstract	Remonu- mentation	Museum Building
\$ 131,716	\$ 136,828	\$ 7,139	\$ 197,904	\$ (29,201)	\$ 50,728
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	29,201	-
-	-	-	-	-	-
<u>\$ 131,716</u>	<u>\$ 136,828</u>	<u>\$ 7,139</u>	<u>\$ 197,904</u>	<u>\$ -0-</u>	<u>\$ 50,728</u>
\$ -	\$ 24	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-0-	24	-	-0-	-0-	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	9,558
131,716	136,804	7,139	197,904	-	41,170
-	-	-	-	-	-
<u>131,716</u>	<u>136,804</u>	<u>7,139</u>	<u>197,904</u>	<u>-0-</u>	<u>50,728</u>
<u>\$ 131,716</u>	<u>\$ 136,828</u>	<u>\$ 7,139</u>	<u>\$ 197,904</u>	<u>\$ -0-</u>	<u>\$ 50,728</u>

## Barry County, Michigan

## Non-major Governmental Funds

## COMBINING BALANCE SHEET - CONTINUED

December 31, 2003

	Special		
	Commission on Aging Building	Building Rehabilitation	McKeown Bridge Park
ASSETS			
Cash and cash equivalents	\$ 449	\$ 96,454	\$ 4,910
Investments	10,035	-	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
TOTAL ASSETS	<u>\$ 10,484</u>	<u>\$ 96,454</u>	<u>\$ 4,910</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 31
Accrued payroll	-	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Due to other governmental funds - State	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	-0-	-0-	31
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in:			
Special revenue funds	10,484	96,454	4,879
Capital projects funds	-	-	-
TOTAL FUND BALANCES	<u>10,484</u>	<u>96,454</u>	<u>4,879</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,484</u>	<u>\$ 96,454</u>	<u>\$ 4,910</u>

Revenue

New Building	Register of Deeds Automation	Budget Stabilization	Victim Services Unit	D.A.R.E. Program	School Liaison
\$ 9,603	\$ 87,145	\$ -	\$ 21,428	\$ 5,257	\$ 4,805
-	-	118,019	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	431	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 9,603</u>	<u>\$ 87,145</u>	<u>\$ 118,450</u>	<u>\$ 21,428</u>	<u>\$ 5,257</u>	<u>\$ 4,805</u>
\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	2,095
-	-	-	-	-	343
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5	-0-	-0-	-0-	-0-	2,438
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,598	87,145	118,450	21,428	5,257	2,367
-	-	-	-	-	-
<u>9,598</u>	<u>87,145</u>	<u>118,450</u>	<u>21,428</u>	<u>5,257</u>	<u>2,367</u>
<u>\$ 9,603</u>	<u>\$ 87,145</u>	<u>\$ 118,450</u>	<u>\$ 21,428</u>	<u>\$ 5,257</u>	<u>\$ 4,805</u>



## Barry County, Michigan

## Non-major Governmental Funds

## COMBINING BALANCE SHEET - CONTINUED

December 31, 2003

	Special		
	Technology (BIP) Grant	Drug Law Enforcement	Special Investigation
ASSETS			
Cash and cash equivalents	\$ 155	\$ 16,524	\$ 22,720
Investments	-	-	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
TOTAL ASSETS	<u>\$ 155</u>	<u>\$ 16,524</u>	<u>\$ 22,720</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Due to other governmental units - State	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in:			
Special revenue funds	155	16,524	22,720
Capital projects funds	-	-	-
TOTAL FUND BALANCES	<u>155</u>	<u>16,524</u>	<u>22,720</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 155</u>	<u>\$ 16,524</u>	<u>\$ 22,720</u>

Revenue

Values Grant	Crime Victims Rights Week	Law Library	Commission on Aging	CDBG Housing	Middleville Police Services
\$ -	\$ 29,124	\$ 40,765	\$ 118,461	\$ 15,781	\$ 26,987
-	-	-	3,960	-	-
-	-	-	-	-	-
-	-	-	330,271	-	-
-	-	-	-	-	-
-	8,313	-	-	-	-
-	-	-	36,742	-	-
<u>\$ -0-</u>	<u>\$ 37,437</u>	<u>\$ 40,765</u>	<u>\$ 489,434</u>	<u>\$ 15,781</u>	<u>\$ 26,987</u>
\$ -	\$ -	\$ -	\$ 16,071	\$ -	\$ -
-	-	-	18,547	-	6,436
-	-	-	1,437	-	1,005
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	330,271	-	-
-0-	-0-	-0-	366,326	-0-	7,441
-	-	-	-	15,781	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	37,437	40,765	123,108	-	19,546
-	-	-	-	-	-
<u>-0-</u>	<u>37,437</u>	<u>40,765</u>	<u>123,108</u>	<u>15,781</u>	<u>19,546</u>
<u>\$ -0-</u>	<u>\$ 37,437</u>	<u>\$ 40,765</u>	<u>\$ 489,434</u>	<u>\$ 15,781</u>	<u>\$ 26,987</u>

## Barry County, Michigan

## Non-major Governmental Funds

## COMBINING BALANCE SHEET - CONTINUED

December 31, 2003

	Special		
	Township Police Services	MSHDA HOME Program	Community Corrections
ASSETS			
Cash and cash equivalents	\$ (5,991)	\$ 90,658	\$ (84,111)
Investments	-	-	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other governmental units			
State	-	-	88,646
Local	-	-	-
TOTAL ASSETS	<u>\$ (5,991)</u>	<u>\$ 90,658</u>	<u>\$ 4,535</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 277
Accrued payroll	2,207	-	4,128
Accrued liabilities	311	-	130
Due to other funds	-	-	-
Due to other governmental units - State	-	90,658	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	2,518	90,658	4,535
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in:			
Special revenue funds	(8,509)	-	-
Capital projects funds	-	-	-
TOTAL FUND BALANCES	<u>(8,509)</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ (5,991)</u>	<u>\$ 90,658</u>	<u>\$ 4,535</u>

Revenue					
Adult Drug Court	Juvenile Drug Court	Michigan Justice Training	Jail Population Information System	Social Welfare	Child Care Probate
\$ (14,429)	\$ (12,723)	\$ 9,211	\$ 3,923	\$ 134,691	\$ 663,318
-	-	-	-	36,559	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,438	22,074	-	-	-	33,928
-	-	-	-	-	-
<u>\$ (9,991)</u>	<u>\$ 9,351</u>	<u>\$ 9,211</u>	<u>\$ 3,923</u>	<u>\$ 171,250</u>	<u>\$ 697,246</u>
\$ 150	\$ 2,939	\$ -	\$ -	\$ -	\$ 34,897
4,648	2,850	-	-	-	13,632
244	299	-	-	-	1,076
-	-	-	3,923	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,042	6,088	-0-	3,923	-0-	49,605
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(15,033)	3,263	9,211	-	171,250	647,641
-	-	-	-	-	-
<u>(15,033)</u>	<u>3,263</u>	<u>9,211</u>	<u>-0-</u>	<u>171,250</u>	<u>647,641</u>
<u>\$ (9,991)</u>	<u>\$ 9,351</u>	<u>\$ 9,211</u>	<u>\$ 3,923</u>	<u>\$ 171,250</u>	<u>\$ 697,246</u>

## Barry County, Michigan

## Non-major Governmental Funds

## COMBINING BALANCE SHEET - CONTINUED

December 31, 2003

	Special		
	Child Care Welfare	Vulnerable Adults	Veteran's Trust
ASSETS			
Cash and cash equivalents	\$ 7,558	\$ 2,500	\$ 2,558
Investments	-	-	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other governmental units			
State	-	-	764
Local	-	-	-
TOTAL ASSETS	<u>\$ 7,558</u>	<u>\$ 2,500</u>	<u>\$ 3,322</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Due to other governmental units - State	-	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-
FUND BALANCES			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	-	-
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in:			
Special revenue funds	7,558	2,500	3,322
Capital projects funds	-	-	-
TOTAL FUND BALANCES	<u>7,558</u>	<u>2,500</u>	<u>3,322</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,558</u>	<u>\$ 2,500</u>	<u>\$ 3,322</u>

Revenue			Debt Service		
Diverted Felons	Master Land Use Plan	Substance Abuse	Jail Expansion	Friend of the Court Renovation	Building Authority Thornapple Manor Addition
\$ 112,749	\$ 50,000	\$ (3,964)	\$ 6,115	\$ 3,980	\$ -
-	-	-	-	-	-
-	-	1,202	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	50,423	-	-	-
-	-	-	-	-	-
<u>\$ 112,749</u>	<u>\$ 50,000</u>	<u>\$ 47,661</u>	<u>\$ 6,115</u>	<u>\$ 3,980</u>	<u>\$ -0-</u>
\$ -	\$ -	\$ 1,923	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	9,068	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	10,991	-0-	-0-	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	6,115	3,980	-
-	-	-	-	-	-
112,749	50,000	36,670	-	-	-
-	-	-	-	-	-
<u>112,749</u>	<u>50,000</u>	<u>36,670</u>	<u>6,115</u>	<u>3,980</u>	<u>-0-</u>
<u>\$ 112,749</u>	<u>\$ 50,000</u>	<u>\$ 47,661</u>	<u>\$ 6,115</u>	<u>\$ 3,980</u>	<u>\$ -0-</u>

## Barry County, Michigan

## Non-major Governmental Funds

## COMBINING BALANCE SHEET - CONTINUED

December 31, 2003

	Debt Service		
	Building Authority KCC	Building Authority Courts and Law	City Hall
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 78,149	\$ 4,840
Investments	-	-	-
Receivables			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	-	-
Due from other governmental units			
State	-	-	-
Local	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -0-</b>	<b>\$ 78,149</b>	<b>\$ 4,840</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Due to other governmental units - State	-	-	-
Deferred revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>FUND BALANCES</b>			
Reserved for			
Grant expenditures	-	-	-
Perpetual care	-	-	-
Debt service	-	78,149	4,840
Unreserved			
Designated for special projects	-	-	-
Undesignated, reported in:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-0-</b>	<b>78,149</b>	<b>4,840</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -0-</b>	<b>\$ 78,149</b>	<b>\$ 4,840</b>

Capital Projects		Permanent		Total
Friend of the Court	Health/ Commission on Aging	Cemetery Perpetual Care	Non-major Governmental Funds	
\$ 30,823	\$ -	\$ 120	\$ 2,236,653	
-	-	26,200	194,773	
-	-	-	1,202	
-	-	-	660,542	
-	-	279	710	
-	-	-	237,787	
-	-	-	36,742	
<u>\$ 30,823</u>	<u>\$ -0-</u>	<u>\$ 26,599</u>	<u>\$ 3,368,409</u>	
\$ -	\$ -	\$ -	\$ 61,566	
-	-	-	91,389	
-	-	-	16,748	
-	-	-	3,923	
-	-	-	90,658	
-	-	-	660,542	
-0-	-0-	-0-	924,826	
-	-	-	15,781	
-	-	26,599	26,599	
-	-	-	93,084	
-	-	-	9,558	
-	-	-	2,267,738	
30,823	-	-	30,823	
<u>30,823</u>	<u>-0-</u>	<u>26,599</u>	<u>2,443,583</u>	
<u>\$ 30,823</u>	<u>\$ -0-</u>	<u>\$ 26,599</u>	<u>\$ 3,368,409</u>	



## Barry County, Michigan

## Non-major Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2003

	Special		
	Parks and Recreation	Friend of the Court	Supervised Parenting
REVENUES			
Taxes	\$ 307,476	\$ -	\$ -
Intergovernmental - federal/state	3,000	-	5,750
Intergovernmental - local	-	-	-
Charges for services	162,671	8,050	-
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	17,989	5,812	-
TOTAL REVENUES	491,136	13,862	5,750
EXPENDITURES			
Current			
General government	-	768,799	5,750
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	436,671	-	-
Capital outlay	30,021	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	466,692	768,799	5,750
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,444	(754,937)	-0-
OTHER FINANCING SOURCES (USES)			
Operating transfers in	73,733	757,080	-
Operating transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	73,733	757,080	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	98,177	2,143	-0-
Fund balances (deficits), beginning of year	15,746	-	-
Prior period adjustments	-	-	-
Fund balances (deficits), end of year	\$ 113,923	\$ 2,143	\$ -0-

Revenue					
Solid Waste	Animal Shelter Donation	Community Resource Network	Abstract	Remonumentation	Museum Building
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	52,387	-
-	-	1,835	-	-	-
34,603	-	-	100,731	-	-
-	-	-	-	-	-
-	-	-	-	-	820
3,708	129,931	-	-	-	4,968
38,311	129,931	1,835	100,731	52,387	5,788
-	-	-	-	60,390	-
-	-	-	-	-	-
35,290	-	-	-	-	-
-	-	617	-	-	-
-	-	-	-	-	6,815
-	-	-	8,572	-	-
-	-	-	-	-	-
35,290	-0-	617	8,572	60,390	6,815
3,021	129,931	1,218	92,159	(8,003)	(1,027)
1,250	-	-	-	8,003	-
(11,021)	-	-	-	-	-
(9,771)	-0-	-0-	-0-	8,003	-0-
(6,750)	129,931	1,218	92,159	-0-	(1,027)
138,466	6,873	5,921	105,745	-	51,755
-	-	-	-	-	-
\$ 131,716	\$ 136,804	\$ 7,139	\$ 197,904	\$ -0-	\$ 50,728

## Barry County, Michigan

## Non-major Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2003

	Special		
	Commission on Aging Building	Building Rehabilitation	McKeown Bridge Park Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental - federal/state	-	-	-
Intergovernmental - local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	234	-	-
Other	-	17,712	-
TOTAL REVENUES	234	17,712	-0-
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	41,432	-
Health and welfare	-	-	-
Recreation and cultural	-	-	371
Capital outlay	-	4,644	-
Debt service	-	-	-
TOTAL EXPENDITURES	-0-	46,076	371
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	234	(28,364)	(371)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	500
Operating transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	500
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	234	(28,364)	129
Fund balances (deficits), beginning of year	10,250	124,818	4,750
Prior period adjustments	-	-	-
Fund balances (deficits), end of year	\$ 10,484	\$ 96,454	\$ 4,879

Revenue

New Building	Register of Deeds Automation	Budget Stabilization	Victim Services Unit	D.A.R.E. Program	School Liaison
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	7,600
-	95,005	-	-	-	-
-	-	-	-	-	-
25,069	-	2,097	-	-	-
131	-	-	4,213	833	5,122
25,200	95,005	2,097	4,213	833	12,722
-	7,569	-	-	-	-
-	-	-	950	4,553	51,163
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,602	291	-	-	-	-
-	-	-	-	-	-
15,602	7,860	-0-	950	4,553	51,163
9,598	87,145	2,097	3,263	(3,720)	(38,441)
-	-	-	579	-	-
-	-	-	-	-	-
-0-	-0-	-0-	579	-0-	-0-
9,598	87,145	2,097	3,842	(3,720)	(38,441)
-	-	116,353	17,586	8,977	40,808
-	-	-	-	-	-
<u>\$ 9,598</u>	<u>\$ 87,145</u>	<u>\$ 118,450</u>	<u>\$ 21,428</u>	<u>\$ 5,257</u>	<u>\$ 2,367</u>

## Barry County, Michigan

## Non-major Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2003

	Special		
	Technology (BIP) Grant	Drug Law Enforcement	Special Investigation
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental - federal/state	-	-	-
Intergovernmental - local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	8,724	-
Interest and rents	-	-	218
Other	-	-	-
TOTAL REVENUES	-0-	\$ 8,724	218
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	3,583	196
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	-0-	3,583	196
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	5,141	22
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-0-	5,141	22
Fund balances (deficits), beginning of year	155	11,383	22,698
Prior period adjustments	-	-	-
Fund balances (deficits), end of year	\$ 155	\$ 16,524	\$ 22,720

Revenue

Values Grant	Crime Victims Rights Week	Law Library	Commission on Aging	CDBG Housing	Middleville Police Services
\$ -	\$ -	\$ -	\$ 307,479	\$ -	\$ -
6,268	16,654	-	285,511	191,918	-
-	-	-	-	-	184,002
-	-	-	109,348	66,802	-
-	-	9,750	-	-	-
-	-	-	192	726	-
2,591	-	-	29,725	-	-
8,859	16,654	\$ 9,750	732,255	259,446	184,002
-	-	4,554	-	-	-
12,877	2,016	-	-	-	177,103
-	-	-	-	-	-
-	-	-	777,687	318,507	-
-	-	-	-	-	-
-	-	-	37,481	-	-
-	-	-	-	-	-
12,877	2,016	4,554	815,168	318,507	177,103
(4,018)	14,638	5,196	(82,913)	(59,061)	6,899
-	-	3,500	15,000	-	-
(579)	-	-	-	-	-
(579)	-0-	3,500	15,000	-0-	-0-
(4,597)	14,638	8,696	(67,913)	(59,061)	6,899
4,597	22,799	32,069	191,021	74,842	12,647
-	-	-	-	-	-
\$ -0-	\$ 37,437	\$ 40,765	\$ 123,108	\$ 15,781	\$ 19,546

## Barry County, Michigan

## Non-major Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2003

	Special		
	Township Police Services	MSHDA HOME Program	Community Corrections
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental - federal/state	-	57,999	180,315
Intergovernmental - local	47,721	355	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	-	-	-
TOTAL REVENUES	47,721	58,354	180,315
EXPENDITURES			
Current			
General government	-	-	-
Public safety	56,230	-	180,315
Public works	-	-	-
Health and welfare	-	58,354	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	56,230	58,354	180,315
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,509)	-0-	-0-
OTHER FINANCING SOURCES (USES)			
Operating transfers in	7,908	-	-
Operating transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	7,908	-0-	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(601)	-0-	-0-
Fund balances (deficits), beginning of year	(7,908)	-	-
Prior period adjustments	-	-	-
Fund balances (deficits), end of year	<u>\$ (8,509)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Revenue					
Adult Drug Court	Juvenile Drug Court	Michigan Justice Training	Jail Population Information System	Social Welfare	Child Care Probate
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
86,770	97,381	6,512	-	14,669	357,513
-	-	-	-	-	54,340
5,117	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	791	-
20	300	-	-	-	-
91,907	97,681	6,512	-0-	15,460	411,853
116,073	94,418	-	-	-	-
-	-	3,959	-	-	-
-	-	-	-	-	-
-	-	-	-	23,636	737,957
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
116,073	94,418	3,959	-0-	23,636	737,957
(24,166)	3,263	2,553	-0-	(8,176)	(326,104)
16,252	6,571	-	-	10,500	429,435
-	-	-	-	-	-
16,252	6,571	-0-	-0-	10,500	429,435
(7,914)	9,834	2,553	-0-	2,324	103,331
(7,119)	(6,571)	6,658	-	168,926	544,310
-	-	-	-	-	-
\$ (15,033)	\$ 3,263	\$ 9,211	\$ -0-	\$ 171,250	\$ 647,641



## Barry County, Michigan

## Non-major Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2003

	Special		
	Child Care Welfare	Vulnerable Adults	Veteran's Trust
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental - federal/state	-	2,500	11,320
Intergovernmental - local	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	-	-	-
Other	-	-	2,190
TOTAL REVENUES	-0-	2,500	13,510
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	3,090	-	12,544
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	3,090	-0-	12,544
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,090)	2,500	966
OTHER FINANCING SOURCES (USES)			
Operating transfers in	500	-	-
Operating transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	500	-0-	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(2,590)	2,500	966
Fund balances (deficits), beginning of year	10,148	-	2,356
Prior period adjustment	-	-	-
Fund balances (deficits), end of year	\$ 7,558	\$ 2,500	\$ 3,322

Revenue			Debt Service		
Diverted Felons	Master Land Use Plan	Substance Abuse	Jail Expansion	Friend of the Court Renovation	Building Authority Thornapple Manor Addition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
81,823	-	296,554	-	-	-
-	-	65,539	-	-	-
-	-	103,167	-	-	-
-	-	-	-	-	-
-	-	-	-	79	-
-	-	6,396	-	-	-
81,823	-0-	471,656	-0-	79	-0-
-	30,980	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
67,891	-	437,791	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	63,886	77,250	229,700
67,891	30,980	437,791	63,886	77,250	229,700
13,932	(30,980)	33,865	(63,886)	(77,171)	(229,700)
-	55,980	-	70,000	77,013	229,700
-	-	-	-	-	-
-0-	55,980	-0-	70,000	77,013	229,700
13,932	25,000	33,865	6,114	(158)	-0-
98,817	-	2,805	1	4,138	-
-	25,000	-	-	-	-
<u>\$ 112,749</u>	<u>\$ 50,000</u>	<u>\$ 36,670</u>	<u>\$ 6,115</u>	<u>\$ 3,980</u>	<u>\$ -0-</u>

## Barry County, Michigan

## Non-major Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2003

	Debt Service		
	Building Authority KCC	Building Authority Courts and Law	City Hall
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental - federal/state	-	-	-
Intergovernmental - local	301,300	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and rents	-	1,014	-
Other	-	-	-
TOTAL REVENUES	301,300	1,014	-0-
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	301,300	222,750	-
TOTAL EXPENDITURES	301,300	222,750	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	(221,736)	-0-
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	222,325	-
Operating transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	222,325	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	-0-	589	-0-
Fund balances (deficits), beginning of year	-	77,560	4,840
Prior period adjustment	-	-	-
Fund balances (deficits), end of year	\$ -0-	\$ 78,149	\$ 4,840

Capital Projects		Permanent		Total
Friend of the Court	Health/ Commission on Aging	Cemetery Perpetual Care	Non-major Governmental Funds	
\$ -	\$ -	\$ -	\$ 614,955	
-	-	-	1,754,844	
-	-	-	662,692	
-	-	-	685,494	
-	-	-	18,474	
58	-	-	31,298	
-	-	-	231,641	
58	-0-	-0-	3,999,398	
-	-	-	1,088,533	
-	-	-	492,945	
-	-	-	76,722	
-	-	-	2,438,074	
-	-	-	443,857	
548	1,768,462	-	1,865,621	
-	-	-	894,886	
548	1,768,462	-0-	7,300,638	
(490)	(1,768,462)	-0-	(3,301,240)	
-	1,768,462	-	3,754,291	
-	-	-	(11,600)	
-0-	1,768,462	-0-	3,742,691	
(490)	-0-	-0-	441,451	
-	-	26,599	1,945,819	
31,313	-	-	56,313	
<u>\$ 30,823</u>	<u>\$ -0-</u>	<u>\$ 26,599</u>	<u>\$ 2,443,583</u>	

## Barry County, Michigan

## Non-major Enterprise Funds

## COMBINING STATEMENT OF NET ASSETS

December 31, 2003

	Delinquent Tax		
	2000	2001	2002
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 174,257	\$ 213,929	\$ 154,143
Investments	255,126	-	-
Accounts receivable	-	-	-
Grants receivable	-	-	-
Delinquent taxes receivable	2,004	116,195	976,215
Total current assets	431,387	330,124	1,130,358
Non-current			
Capital assets, net of accumulated depreciation	-	-	-
TOTAL ASSETS	431,387	330,124	1,130,358
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Due to other governmental units - local	-	-	-
Note payable	-	-	946,000
TOTAL LIABILITIES	-0-	-0-	946,000
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	-	-
Reserved for debt service	-	-	184,358
Reserved for other purposes	-	-	-
Unrestricted	431,387	330,124	-
TOTAL NET ASSETS	\$ 431,387	\$ 330,124	\$ 184,358

<u>Revolving</u>				
<u>2003</u>	<u>Jail Commissary</u>	<u>Transit</u>	<u>Total</u>	
\$ 23,762	\$ 10,635	\$ 321,335	\$ 898,061	
-	-	-	255,126	
-	-	9,074	9,074	
-	-	34,205	34,205	
-	-	-	1,094,414	
23,762	10,635	364,614	2,290,880	
-	-	926,071	926,071	
23,762	10,635	1,290,685	3,216,951	
-	99	30,336	30,435	
-	-	9,661	9,661	
22,480	-	-	22,480	
-	-	-	946,000	
22,480	99	39,997	1,008,576	
-	-	926,071	926,071	
-	-	-	184,358	
-	-	324,617	324,617	
1,282	10,536	-	773,329	
<u>\$ 1,282</u>	<u>\$ 10,536</u>	<u>\$ 1,250,688</u>	<u>\$ 2,208,375</u>	

## Barry County, Michigan

## Non-major Enterprise Funds

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Year Ended December 31, 2003

	Delinquent Tax		
	2000	2001	2002
OPERATING REVENUES			
Charges for services	\$ 4,283	\$ 33,584	\$ 98,641
Interest and penalties on taxes	35,036	147,809	104,215
TOTAL OPERATING REVENUES	39,319	181,393	202,856
OPERATING EXPENSES			
Operating supplies	-	-	-
Interest expense	-	10,547	15,181
Other	-	4,552	14,375
TOTAL OPERATING EXPENSES	-0-	15,099	29,556
OPERATING INCOME	39,319	166,294	173,300
NON-OPERATING REVENUES			
Intergovernmental	-	-	-
Proceeds from sale of equipment	-	-	-
Interest revenue	8,062	1,153	3,637
TOTAL NON-OPERATING REVENUES	8,062	1,153	3,637
INCOME BEFORE TRANSFERS IN	47,381	167,447	176,937
TRANSFERS IN			
Transfers in	-	-	5,778
CHANGE IN NET ASSETS	47,381	167,447	182,715
Net assets, beginning of year	384,006	162,677	1,643
Prior period adjustment	-	-	-
Net assets, end of year	\$ 431,387	\$ 330,124	\$ 184,358

<u>Revolving</u>			
<u>2003</u>	<u>Jail Commissary</u>	<u>Transit</u>	<u>Total</u>
\$ 900	\$ 58,256	\$ 143,714	\$ 339,378
354	-	-	287,414
1,254	58,256	143,714	626,792
-	57,248	-	57,248
-	-	-	25,728
-	-	657,298	676,225
-0-	57,248	657,298	759,201
1,254	1,008	(513,584)	(132,409)
-	-	579,729	579,729
-	-	1,692	1,692
28	-	7,360	20,240
28	-0-	588,781	601,661
1,282	1,008	75,197	469,252
-	-	-	5,778
1,282	1,008	75,197	475,030
-	9,528	1,190,004	1,747,858
-	-	(14,513)	-
-	-	(14,513)	(14,513)
<u>\$ 1,282</u>	<u>\$ 10,536</u>	<u>\$ 1,250,688</u>	<u>\$ 2,208,375</u>



## Barry County, Michigan

## Non-major Enterprise Funds

## COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2003

	Delinquent Tax		
	2000	2001	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 150,043	\$ 1,038,523	\$ 202,856
Cash paid to employees	-	-	-
Cash paid to suppliers	-	(15,099)	(29,556)
Cash paid to other governmental units - local	(630)	-	(1,005,047)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>149,413</b>	<b>1,023,424</b>	<b>(831,747)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental sources	-	-	-
Transfers in	-	-	5,778
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>-0-</b>	<b>-0-</b>	<b>5,778</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payment of borrowings	-	(961,000)	-
Note proceeds	-	-	946,000
State and Federal capital assistance	-	-	-
Capital purchases	-	-	-
Proceeds from sale of equipment	-	-	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-0-</b>	<b>(961,000)</b>	<b>946,000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments	(255,126)	-	-
Interest received	8,062	1,153	3,637
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(247,064)</b>	<b>1,153</b>	<b>3,637</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(97,651)</b>	<b>63,577</b>	<b>123,668</b>
Cash and cash equivalents, beginning of year	271,908	150,352	30,475
Cash and cash equivalents, end of year	<u>\$ 174,257</u>	<u>\$ 213,929</u>	<u>\$ 154,143</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income (loss)	\$ 39,319	\$ 166,294	\$ 173,300
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	-	-
(Increase) decrease in receivables	110,724	857,130	(976,215)
Increase (decrease) in accounts payable	(630)	-	-
Increase in accrued liabilities	-	-	-
Increase (decrease) in due to other governmental units - local	-	-	(28,832)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><b>\$ 149,413</b></u>	<u><b>\$ 1,023,424</b></u>	<u><b>\$ (831,747)</b></u>

<u>Revolving</u>				
<u>2003</u>	<u>Jail Commissary</u>	<u>Transit</u>	<u>Total</u>	
\$ 23,734	\$ 58,256	\$ 142,134	\$ 1,615,546	
-	-	(296,404)	(296,404)	
-	(57,149)	(197,853)	(299,657)	
-	-	-	(1,005,677)	
<u>23,734</u>	<u>1,107</u>	<u>(352,123)</u>	<u>13,808</u>	
-	-	291,528	291,528	
-	-	-	5,778	
-0-	-0-	291,528	297,306	
-	-	-	(961,000)	
-	-	-	946,000	
-	-	279,486	279,486	
-	-	(260,006)	(260,006)	
-	-	1,692	1,692	
-0-	-0-	21,172	6,172	
28	-	-	(255,126)	
<u>28</u>	<u>-</u>	<u>7,360</u>	<u>20,240</u>	
<u>28</u>	<u>-0-</u>	<u>7,360</u>	<u>(234,886)</u>	
23,762	1,107	(32,063)	82,400	
-	9,528	353,398	815,661	
<u>\$ 23,762</u>	<u>\$ 10,635</u>	<u>\$ 321,335</u>	<u>\$ 898,061</u>	
\$ 1,254	\$ 1,008	\$ (513,584)	\$ (132,409)	
-	-	134,068	134,068	
-	-	(1,580)	(9,941)	
-	99	26,963	26,432	
-	-	2,010	2,010	
<u>22,480</u>	<u>-</u>	<u>-</u>	<u>(6,352)</u>	
<u>\$ 23,734</u>	<u>\$ 1,107</u>	<u>\$ (352,123)</u>	<u>\$ 13,808</u>	

## Barry County, Michigan

## Internal Service Funds

## COMBINING STATEMENT OF NET ASSETS

December 31, 2003

	Data Processing	Telephone	Vehicle
ASSETS			
Current assets			
Cash and cash equivalents	\$ 6,526	\$ 11,839	\$ 176,481
Investments	-	-	-
Interest receivable	-	-	-
Due from other funds	-	-	-
Total current assets	6,526	11,839	176,481
Capital assets			
Equipment	379,024	-	887,424
Less: Accumulated depreciation	(242,061)	-	(675,255)
Total capital assets	136,963	-0-	212,169
TOTAL ASSETS	143,489	11,839	388,650
LIABILITIES			
Current liabilities			
Accounts payable	3,026	2,926	7,329
Accrued liabilities	3,115	-	-
Current portion of long-term liabilities	52,645	-	-
Total current liabilities	58,786	2,926	7,329
Long-term liabilities			
Notes payable	52,645	-	-
TOTAL LIABILITIES	111,431	2,926	7,329
NET ASSETS			
Reserved for debt service	105,290	-	-
Reserved for employee benefits	-	-	-
Reserved for potential losses	-	-	-
Unreserved - undesignated	(73,232)	8,913	381,321
TOTAL NET ASSETS	\$ 32,058	\$ 8,913	\$ 381,321

<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Disability</u>	<u>Fringe</u> <u>Benefits</u>
\$ 288,763	\$ -	\$ -	\$ 1,421,966
-	-	-	683,780
-	-	-	1,102
-	-	-	2,811
288,763	-0-	-0-	2,109,659
-	-	-	-
-	-	-	-
-0-	-0-	-0-	-0-
288,763	-0-	-0-	2,109,659
208	-	-	-
-	-	-	-
-	-	-	-
208	-0-	-0-	-0-
-	-	-	-
208	-0-	-0-	-0-
-	-	-	-
-	-	-	2,109,659
288,555	-	-	-
-	-	-	-
<u>\$ 288,555</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,109,659</u>

## Barry County, Michigan

## Internal Service Funds

## COMBINING STATEMENT OF NET ASSETS - CONTINUED

December 31, 2003

	Life Insurance	Retirement	Dental and Optical
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ -	\$ 195,869	\$ 36,224
Investments	-	-	-
Interest receivable	-	-	-
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	-0-	195,869	36,224
Capital assets			
Equipment	-	-	-
Less: Accumulated depreciation	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets	-0-	-0-	-0-
TOTAL ASSETS	-0-	195,869	36,224
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Current portion of long-term liabilities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	-0-	-0-	-0-
Long-term liabilities			
Notes payable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	-0-	-0-	-0-
<b>NET ASSETS</b>			
Reserved for debt service	-	-	-
Reserved for employee benefits	-	-	-
Reserved for potential losses	-	-	36,224
Unreserved - undesignated	-	195,869	-
	<u>-</u>	<u>195,869</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ -0-</u>	<u>\$ 195,869</u>	<u>\$ 36,224</u>

<u>Unemployment</u>	<u>Total</u>
\$ 391	\$ 2,138,059
-	683,780
-	1,102
-	2,811
391	2,825,752
-	1,266,448
-	(917,316)
-0-	349,132
391	3,174,884
-	13,489
-	3,115
-	52,645
-0-	69,249
-	52,645
-0-	121,894
-	105,290
-	2,109,659
391	325,170
-	512,871
<u>\$ 391</u>	<u>\$ 3,052,990</u>

## Barry County, Michigan

## Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS

Year Ended December 31, 2003

	Data Processing	Telephone	Vehicle
OPERATING REVENUES			
Charges for services	\$ -	\$ 51,274	\$ -
Other	108	-	19,074
TOTAL OPERATING REVENUES	108	51,274	19,074
OPERATING EXPENSES			
Fringe benefits	-	-	-
Contracted services	98,124	42,293	1,062
Depreciation	67,790	-	85,445
Interest expense	6,531	-	-
Operating supplies	-	8,873	-
Other	5,580	-	-
TOTAL OPERATING EXPENSES	178,025	51,166	86,507
OPERATING INCOME (LOSS)	(177,917)	108	(67,433)
NON-OPERATING REVENUES			
Interest revenue	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(177,917)	108	(67,433)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	70,000	-	-
NET INCOME (LOSS)	(107,917)	108	(67,433)
Net assets, beginning of year	230,120	8,805	187,244
Prior period adjustments	(90,145)	-	261,510
Net assets, end of year	\$ 32,058	\$ 8,913	\$ 381,321

Workers' Compensation	Health Insurance	Disability	Fringe Benefits
\$ 94,992 67	\$ 1,306,805 -	\$ 38,060 -	\$ - -
95,059	1,306,805	38,060	-0-
110,220	1,443,952	77,955	13,587
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
110,220	1,443,952	77,955	13,587
(15,161)	(137,147)	(39,895)	(13,587)
-	-	-	8,463
(15,161)	(137,147)	(39,895)	(5,124)
-	61,701	39,895	-
(15,161)	(75,446)	-0-	(5,124)
303,716	75,446	-	2,186,816
-	-	-	(72,033)
<u>\$ 288,555</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,109,659</u>



## Barry County, Michigan

## Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS - CONTINUED

Year Ended December 31, 2003

	Life Insurance	Retirement	Dental and Optical
OPERATING REVENUES			
Charges for services	\$ 19,685	\$ 850,884	\$ 77,601
Other	-	-	110
TOTAL OPERATING REVENUES	19,685	850,884	77,711
OPERATING EXPENSES			
Fringe benefits	22,906	872,600	56,236
Contracted services	-	-	-
Depreciation	-	-	-
Interest expense	-	-	-
Operating supplies	-	-	-
Other	-	-	-
TOTAL OPERATING EXPENSES	22,906	872,600	56,236
OPERATING INCOME (LOSS)	(3,221)	(21,716)	21,475
NON-OPERATING REVENUES			
Interest revenue	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(3,221)	(21,716)	21,475
OTHER FINANCING SOURCES (USES)			
Operating transfers in	3,221	15,948	-
NET INCOME (LOSS)	-0-	(5,768)	21,475
Net assets, beginning of year	-	201,637	14,749
Prior period adjustments	-	-	-
Net assets, end of year	\$ -0-	\$ 195,869	\$ 36,224

<u>Unemployment</u>	<u>Total</u>
\$ 8,637	\$ 2,447,938
-	19,359
8,637	2,467,297
17,410	2,614,866
-	141,479
-	153,235
-	6,531
-	8,873
-	5,580
17,410	2,930,564
(8,773)	(463,267)
-	8,463
(8,773)	(454,804)
-	190,765
(8,773)	(264,039)
9,164	3,217,697
-	99,332
<u>\$ 391</u>	<u>\$ 3,052,990</u>

## Barry County, Michigan

## Internal Service Funds

## COMBINING STATEMENT OF CASH FLOWS

Year Ended December 31, 2003

	Data Processing	Telephone	Vehicle
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 108	\$ 51,274	\$ 19,074
Cash paid to suppliers	(114,081)	(51,086)	5,954
Cash paid for employee benefits	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	(113,973)	188	25,028
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers in	70,000	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments of borrowing	(52,645)	-	-
Purchase of capital assets	-	-	(36,104)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(52,645)	-0-	(36,104)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest revenue	-	-	-
Purchase of investments	-	-	-
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	-0-	-0-	-0-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(96,618)	188	(11,076)
Cash and cash equivalents, beginning of year	103,144	11,651	187,557
Cash and cash equivalents, end of year	<u>\$ 6,526</u>	<u>\$ 11,839</u>	<u>\$ 176,481</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (177,917)	\$ 108	\$ (67,433)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	67,790	-	85,445
Increase (decrease) in accounts payable	(2,234)	80	7,016
(Decrease) in accrued liabilities	(1,612)	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (113,973)</u>	<u>\$ 188</u>	<u>\$ 25,028</u>

Workers' Compensation	Health Insurance	Disability	Fringe Benefits
\$ 95,059	\$ 1,306,805	\$ 38,060	\$ -
-	-	-	-
(129,677)	(1,443,952)	(77,955)	(14,231)
(34,618)	(137,147)	(39,895)	(14,231)
-	61,701	39,895	-
-	-	-	-
-	-	-	-
-0-	-0-	-0-	-0-
-	-	-	7,361
-	-	-	(683,780)
-0-	-0-	-0-	(676,419)
(34,618)	(75,446)	-	(690,650)
323,381	75,446	-	2,112,616
<u>\$ 288,763</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,421,966</u>
\$ (15,161)	\$ (137,147)	\$ (39,895)	\$ (13,587)
-	-	-	-
(19,457)	-	-	(644)
-	-	-	-
<u>\$ (34,618)</u>	<u>\$ (137,147)</u>	<u>\$ (39,895)</u>	<u>\$ (14,231)</u>

Barry County, Michigan

Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2003

	Life Insurance	Retirement	Dental and Optical
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 19,685	\$ 850,884	\$ 77,711
Cash paid to suppliers	-	-	-
Cash paid for employee benefits	(22,906)	(872,600)	(58,778)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	(3,221)	(21,716)	18,933
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers in	3,221	15,948	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payments of borrowing	-	-	-
Purchase of capital assets	-	-	-
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	-0-	-0-	-0-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest revenue	-	-	-
Purchase of investments	-	-	-
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	-0-	-0-	-0-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-0-	(5,768)	18,933
Cash and cash equivalents, beginning of year	-	201,637	17,291
Cash and cash equivalents, end of year	<u>\$ -0-</u>	<u>\$ 195,869</u>	<u>\$ 36,224</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (3,221)	\$ (21,716)	\$ 21,475
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	-	-
Increase (decrease) in accounts payable	-	-	(2,542)
(Decrease) in accrued liabilities	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (3,221)</u>	<u>\$ (21,716)</u>	<u>\$ 18,933</u>

<u>Unemployment</u>	<u>Total</u>
\$ 8,637	\$ 2,467,297
-	(159,213)
<u>(17,410)</u>	<u>(2,637,509)</u>
(8,773)	(329,425)
-	190,765
-	(52,645)
<u>-</u>	<u>(36,104)</u>
-0-	(88,749)
-	7,361
<u>-</u>	<u>(683,780)</u>
<u>-0-</u>	<u>(676,419)</u>
(8,773)	(903,828)
<u>9,164</u>	<u>3,041,887</u>
<u>\$ 391</u>	<u>\$ 2,138,059</u>
\$ (8,773)	\$ (463,267)
-	153,235
-	(17,781)
<u>-</u>	<u>(1,612)</u>
<u>\$ (8,773)</u>	<u>\$ (329,425)</u>

Barry County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2003

	Trust and Agency	Library	Inmate Trust	Total
ASSETS				
Cash and cash equivalents	\$ 1,275,702	\$ 41,478	\$ 5,850	\$ 1,323,030
Due from other funds	-	-	3,923	3,923
TOTAL ASSETS	<u>\$ 1,275,702</u>	<u>\$ 41,478</u>	<u>\$ 9,773</u>	<u>\$ 1,326,953</u>
LIABILITIES				
Undistributed collections payable	\$ 778,201	\$ 41,478	\$ -	\$ 819,679
Advances from other funds	-	-	1,000	1,000
Due to other governmental units				
Federal/State	287,855	-	-	287,855
Due to individuals and agencies	<u>209,646</u>	<u>-</u>	<u>8,773</u>	<u>218,419</u>
TOTAL LIABILITIES	<u>\$ 1,275,702</u>	<u>\$ 41,478</u>	<u>\$ 9,773</u>	<u>\$ 1,326,953</u>

Barry County, Michigan

Private Purpose Trust Funds

COMBINING STATEMENT OF NET ASSETS

December 31, 2003

	Cooperative Extension 4H	Norris Road Trees	Leadership Academy	Total
ASSETS				
Cash	\$ (776)	\$ 7,438	\$ 10,795	\$ 17,457
Accounts receivable	<u>8,624</u>	<u>-</u>	<u>-</u>	<u>8,624</u>
TOTAL ASSETS	<u>\$ 7,848</u>	<u>\$ 7,438</u>	<u>\$ 10,795</u>	<u>\$ 26,081</u>
NET ASSETS				
Held in trust for private purposes	<u>\$ 7,848</u>	<u>\$ 7,438</u>	<u>\$ 10,795</u>	<u>\$ 26,081</u>



Barry County, Michigan

Private Purpose Trust Funds

COMBINING STATEMENT OF CHANGES IN NET ASSETS

Year Ended December 31, 2003

	Cooperative Extension 4H	Norris Road Trees	Leadership Academy	Total
ADDITIONS				
Intergovernmental - local	\$ 31,712	\$ -	\$ 16,392	\$ 48,104
DEDUCTIONS				
General government	<u>34,123</u>	<u>502</u>	<u>21,898</u>	<u>56,523</u>
CHANGE IN NET ASSETS	(2,411)	(502)	(5,506)	(8,419)
Net assets, beginning of year	<u>10,259</u>	<u>7,940</u>	<u>16,301</u>	<u>34,500</u>
Net assets, end of year	<u>\$ 7,848</u>	<u>\$ 7,438</u>	<u>\$ 10,795</u>	<u>\$ 26,081</u>

## Barry County, Michigan

## Component Unit Funds

## COMBINING BALANCE SHEET - DRAINAGE DISTRICTS

December 31, 2003

	Debt Service	Capital	
	Algonquin Lake Dam Project	Regular Drain	Revolving Drain
ASSETS			
Cash and cash equivalents	\$ 4,899	\$ 160,301	\$ (59,623)
Investments	-	71,219	-
Special assessments receivable	144,959	14,875	-
Due from other funds	80,294	-	103,708
TOTAL ASSETS	<u>\$ 230,152</u>	<u>\$ 246,395</u>	<u>\$ 44,085</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Deferred revenue	\$ 98,151	\$ -	\$ -
Advances from primary government	-	-	44,085
Due to other funds	-	184,002	-
TOTAL LIABILITIES	98,151	184,002	44,085
FUND BALANCES			
Fund balances			
Reserved for debt service	132,001	-	-
Unreserved, designated for capital expenditures	-	62,393	-
TOTAL FUND BALANCES	<u>132,001</u>	<u>62,393</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 230,152</u>	<u>\$ 246,395</u>	<u>\$ 44,085</u>

<u>Projects</u>	
Revolving	
Drain	
Maintenance	Total
\$ 8,741	\$ 114,318
496	71,715
-	159,834
-	184,002
<u>\$ 9,237</u>	<u>\$ 529,869</u>

\$ -	\$ 98,151
-	44,085
-	184,002

-0- 326,238

-	132,001
9,237	71,630

9,237	203,631
-------	---------

<u>\$ 9,237</u>	<u>\$ 529,869</u>
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Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - DRAINAGE DISTRICTS

December 31, 2003

<b>Total fund balance - governmental funds</b>		<b>\$</b>	<b>203,631</b>
--	--	-----------	----------------

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental fund.

The cost of capital assets is	1,975,937	
Accumulated depreciation is	<u>(600,369)</u>	
Capital assets, net		1,375,568

Long-term receivables are not available to pay for current period expenditures  
and are therefore deferred in the funds. These consist of:

Deferred revenue	98,151
------------------	--------

Long-term liabilities are not due and payable in the current period  
and therefore are not reported as liabilities in the funds.  
Long-term liabilities at year-end consist of:

Bonds and loans payable	152,518	
Accrued interest payable	<u>2,362</u>	
		<u>(154,880)</u>

<b>Net assets of governmental activities</b>		<b>\$</b>	<b><u>1,522,470</u></b>
--	--	-----------	-------------------------

## Barry County, Michigan

## Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - DRAINAGE DISTRICTS

Year Ended December 31, 2003

	Debt Service	Capital	
	Algonquin Lake Dam Project	Regular Drain	Revolving Drain
REVENUES			
Charges for services	\$ -	\$ 5,020	\$ -
Interest	880	2,241	-
Other			
Special assessments	32,251	41,278	-
TOTAL REVENUES	33,131	48,539	-0-
EXPENDITURES			
Current			
Public works	-	83,644	-
Debt service			
Principal	36,434	-	-
Interest and fiscal charges	13,479	-	-
TOTAL EXPENDITURES	49,913	83,644	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(16,782)	(35,105)	-0-
OTHER FINANCING SOURCES (USES)			
Operating transfers in	45,863	-	-
Operating transfers out	-	(45,863)	-
Bond and note proceeds	-	17,000	-
TOTAL OTHER FINANCING SOURCES (USES)	45,863	(28,863)	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	29,081	(63,968)	-0-
Fund balances, beginning of year	102,920	126,361	-
Fund balances, end of year	\$ 132,001	\$ 62,393	\$ -0-

<u>Projects</u>	
<u>Revolving</u>	
<u>Drain</u>	
<u>Maintenance</u>	<u>Total</u>
\$ -	\$ 5,020
290	3,411
-	73,529
290	81,960
-	83,644
-	36,434
-	13,479
-0-	133,557
290	(51,597)
-	45,863
-	(45,863)
-	17,000
-0-	17,000
290	(34,597)
8,947	238,228
<u>\$ 9,237</u>	<u>\$ 203,631</u>

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS

Year Ended December 31, 2003

**Net change in fund balances - total governmental funds** \$ (34,597)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	67,630	
Depreciation expense	<u>(34,351)</u>	33,279

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts consist of:

Deferred revenue	98,151
------------------	--------

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Long-term debt proceeds	(17,000)	
Bond and note principal retirement	<u>36,434</u>	19,434

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	<u>294</u>
--------------------------------------	------------

**Change in net assets of governmental activities** \$ 116,561

## Barry County, Michigan

## Component Unit Funds

## COMBINING BALANCE SHEET - BOARD OF PUBLIC WORKS

December 31, 2003

	Debt			
	Duncan Lake Sewer	Gun Lake Sewer	Southwest Barry County Sewer	Southwest Barry/Fair Lake Sewer
ASSETS				
Cash and cash equivalents	\$ 679	\$ 2,100	\$ 3,868	\$ 518
Investments	-	-	-	-
Interest receivable	-	-	-	-
Due from State	-	-	-	-
Due from local	-	-	-	-
TOTAL ASSETS	<u>\$ 679</u>	<u>\$ 2,100</u>	<u>\$ 3,868</u>	<u>\$ 518</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Fund balances				
Reserved for debt service	679	2,100	3,868	518
Unreserved, designated for capital expenditures	-	-	-	-
TOTAL FUND BALANCES	<u>679</u>	<u>2,100</u>	<u>3,868</u>	<u>518</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 679</u>	<u>\$ 2,100</u>	<u>\$ 3,868</u>	<u>\$ 518</u>



Service			Capital Projects			Total
Freeport Water Supply System	1994 Middleville Sewer	1999 Middleville Sewer	Yankee Springs Water Tower	Freeport Water Supply System	1999 Middleville Construction	
\$ (25,901)	\$ 1,066	\$ 315	\$ 720	\$ 1,046	\$ -	\$ (15,589)
-	-	-	-	-	184,406	184,406
-	-	-	-	-	781	781
-	-	-	52,005	-	-	52,005
26,156	-	-	-	-	-	26,156
<u>\$ 255</u>	<u>\$ 1,066</u>	<u>\$ 315</u>	<u>\$ 52,725</u>	<u>\$ 1,046</u>	<u>\$ 185,187</u>	<u>\$ 247,759</u>
\$ -	\$ -	\$ -	\$ 52,725	\$ -	\$ -	\$ 52,725
255	1,066	315	-	-	-	8,801
-	-	-	-	1,046	185,187	186,233
<u>255</u>	<u>1,066</u>	<u>315</u>	<u>-</u>	<u>1,046</u>	<u>185,187</u>	<u>195,034</u>
<u>\$ 255</u>	<u>\$ 1,066</u>	<u>\$ 315</u>	<u>\$ 52,725</u>	<u>\$ 1,046</u>	<u>\$ 185,187</u>	<u>\$ 247,759</u>

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - BOARD OF PUBLIC WORKS

December 31, 2003

<b>Total fund balance - governmental funds</b>		<b>\$</b>	<b>195,034</b>
--	--	-----------	----------------

Amounts reported for the governmental activities in the statement of net assets are different because:

Long-term receivables are not available to pay for current period expenditures and therefore are not reported as assets in the funds.  
Long-term receivables at year-end consist of:

Lease receivable			9,549,088
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.  
Long-term liabilities at year-end consist of:

Accrued interest payable	73,310		
Bonds payable	9,475,778		
			<u>(9,549,088)</u>

<b>Net assets of governmental activities</b>		<b>\$</b>	<b>195,034</b>
--	--	-----------	----------------

Barry County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BOARD OF PUBLIC WORKS

Year Ended December 31, 2003

	Debt			
	Duncan Lake Sewer	Gun Lake Sewer	Southwest Barry County Sewer	Southwest Barry/Fair Lake Sewer
REVENUES				
Intergovernmental - local	\$ -	\$ -	\$ 1,043,650	\$ 96,830
Interest	-	-	1,532	139
TOTAL REVENUES	-0-	-0-	1,045,182	96,969
EXPENDITURES				
Current				
Public works	-	-	-	-
Debt service				
Principal	-	-	750,000	55,000
Interest and fiscal charges	-	-	293,650	41,830
TOTAL EXPENDITURES	-0-	-0-	1,043,650	96,830
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	1,532	139
OTHER FINANCING SOURCES				
Bond proceeds	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-0-	-0-	1,532	139
Fund balances, beginning of year	679	2,100	2,336	379
Fund balances, end of year	\$ 679	\$ 2,100	\$ 3,868	\$ 518

Freeport Water Supply System	Service		Capital Projects			Total
	1994 Middleville Sewer	1999 Middleville Sewer	Yankee Springs Water Tower	Freeport Water Supply System	1999 Middleville Construction	
\$ 49,019	\$ 215,625	\$ 94,975	\$ -	\$ -	\$ -	\$ 1,500,099
-	266	101	104	-	3,905	6,047
49,019	215,891	95,076	104	-0-	3,905	1,506,146
-	-	-	175,882	-	-	175,882
46,973	100,000	50,000	-	-	-	1,001,973
1,793	115,625	45,275	-	-	-	498,173
48,766	215,625	95,275	175,882	-0-	-0-	1,676,028
253	266	(199)	(175,778)	-0-	3,905	(169,882)
-	-	-	175,778	-	-	175,778
253	266	(199)	-0-	-0-	3,905	5,896
2	800	514	-	1,046	181,282	189,138
\$ 255	\$ 1,066	\$ 315	\$ -0-	\$ 1,046	\$ 185,187	\$ 195,034

Barry County, Michigan

Component Unit Funds

EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES - BOARD OF PUBLIC WORKS

Year Ended December 31, 2003

<b>Net change in fund balances - total governmental funds</b>	<b>\$</b>	<b>5,896</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond principal retirement	1,001,973	
Bond proceeds	<u>(175,778)</u>	
		826,195

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	<u>16,373</u>
--------------------------------------	---------------

<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u><u>848,464</u></u></b>
--	-----------	------------------------------

Barry County, Michigan

Component Unit Funds

BALANCE SHEET - ECONOMIC DEVELOPMENT

December 31, 2003

	<u>Special Revenue</u>
ASSETS	
Cash and cash equivalents	<u>\$      90,666</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	\$          -
FUND BALANCE	
Fund balance	
Unreserved	
Undesignated - reported in special revenue fund	<u>          90,666</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$      90,666</u>

Barry County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - ECONOMIC DEVELOPMENT

Year Ended December 31, 2003

	<u>Special Revenue</u>
REVENUES	\$ -
EXPENDITURES	
Current	
Community and economic development	<u>94,000</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(94,000)
OTHER FINANCING SOURCES	
Transfer in from primary government	<u>60,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES	(34,000)
Fund balance, beginning of year	<u>124,666</u>
Fund balance, end of year	<u><u>\$ 90,666</u></u>

Barry County, Michigan

Component Unit Funds

BALANCE SHEET - AIRPORT COMMISSION

December 31, 2003

	<u>Special Revenue</u>
ASSETS	
Cash and cash equivalents	\$ 18,752
Accounts receivable	5,654
Prepaid expenditures	<u>294</u>
TOTAL ASSETS	<u>\$ 24,700</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 4,195
 FUND BALANCE	
Fund balance	
Reserved for capital improvements	<u>20,505</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 24,700</u>



Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS - AIRPORT COMMISSION

December 31, 2003

**Total fund balance - governmental fund** **\$ 20,505**

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources  
and therefore are not reported as assets in the governmental fund.

The cost of capital assets is	2,578,200	
Accumulated depreciation is	<u>(1,538,672)</u>	
Capital assets, net		1,039,528

Long-term liabilities are not due and payable in the current period  
and therefore are not reported as liabilities in the funds.  
Long-term liabilities at year-end consist of:

Accrued interest payable	1,439	
Loan payable	<u>83,427</u>	
		<u>(84,866)</u>

**Net assets of governmental activities** **\$ 975,167**

Barry County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - AIRPORT COMMISSION

Year Ended December 31, 2003

	<u>Special Revenue</u>
REVENUES	
Intergovernmental - local	\$ 21,350
Charges for services	7,008
Other	<u>29,423</u>
TOTAL REVENUES	57,781
EXPENDITURES	
Current	
Public works	111,797
Debt service	
Principal	8,473
Interest	<u>4,227</u>
TOTAL EXPENDITURES	<u>124,497</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(66,716)
OTHER FINANCING SOURCES	
Transfer in from primary government	<u>21,350</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES	(45,366)
Fund balance, beginning of year	<u>65,871</u>
Fund balance, end of year	<u><u>\$ 20,505</u></u>

Barry County, Michigan

Component Unit Funds

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL  
FUND TO THE STATEMENT OF ACTIVITIES - AIRPORT COMMISSION

Year Ended December 31, 2003

<b>Net change in fund balance - governmental fund</b>	<b>\$ (45,366)</b>
---	--------------------

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense	(122,585)
----------------------	-----------

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond principal and capital lease retirement	8,473
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	<u>146</u>
--------------------------------------	------------

<b>Change in net assets of governmental activities</b>	<b><u><u>\$ (159,332)</u></u></b>
--	-----------------------------------

Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA

Karen A. Roka, CPA  
James A. Huguelet, CPA  
Alan D. Panter, CPA  
William I. Tucker IV, CPA  
Kurt M. Lemmen, CPA



**ABRAHAM & GAFFNEY, P.C.**  
Certified Public Accountants

Member:  
American Institute of  
Certified  
Public Accountants  
and  
Michigan Association of  
Certified Public  
Accountants

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners  
of Barry County  
Hastings, Michigan

We have audited the basic financial statements of Barry County as of and for the year ended December 31, 2003, and have issued our report thereon dated March 25, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

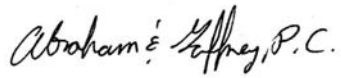
Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Barry County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management and Board of Commissioners of Barry County, Michigan, the pass-through grantors, and the U.S. Departments of Health and Human Services, Housing and Urban Development, Justice, and Agriculture, the Environmental Protection Agency, and the Federal Emergency Management Agency and is not intended to be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Abraham & Gaffney, P.C.".

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

March 25, 2004

Principals

Dale J. Abraham, CPA  
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Member:  
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and  
Michigan Association of  
Certified Public  
Accountants

MANAGEMENT LETTER

To the Board of Commissioners  
of Barry County  
Hastings, Michigan

Dear Ladies/Gentlemen:

As you know, we have recently completed our audit of the records of Barry County, Michigan for the year ended December 31, 2003. In connection with the audit, we feel that certain changes in your accounting procedures would be helpful in improving management's control and the operational efficiency of the accounting functions. These suggestions are a result of our evaluation of the internal control structure and our discussions with management.

1. Investment adjustments should be completed in a timely manner.

During our analysis of the County's investment balances, we noted that the County had not reconciled some of its investment accounts to agree to the general ledger. Some of the reconciling items included adjusting the investments to fair market value.

We suggest that investment statements be analyzed and all investments be reconciled to the general ledger on a monthly basis to ensure the accuracy of the general ledger system. These adjustments would include changes related to purchases and maturities of investments along with adjustments to market value.

2. Budgets should be adopted for all funds and monitored and amended when necessary.

As noted in the annual financial statements, some of the budgeted activities of the County exceeded the amounts appropriated. The variances noted were in the General and Special Revenue Funds. This issue had been noted and reported in our audit comments last year.

The Michigan Public Act 621 of 1978, as amended, provides that the County shall not incur expenditures in excess of the amounts appropriated.

We suggest the County monitor expenditures against the adopted budget on a periodic basis, preferably monthly. Appropriate budget amendments should be made as needed.

3. The County should review the status of individual fund balances (deficits) near year-end.

As noted in the financial statements, the County had two (2) funds that ended the year in a deficit financial position. As a result, the County will be required to submit a deficit reduction plan to the State of Michigan.

We suggest the County review the status of individual funds near year-end and make appropriate adjustments when possible to eliminate deficits.

4. Formal bank reconciliations should be performed for all bank accounts.

During our review of the cash accounts, we noted that the Friend of the Court bank account had not been reconciled since June 2003. This reconciliation process was stopped when the new computer system (MICSES) was implemented and most child support transactions are being made directly through the State. A limited number of cash transactions, however, are still being received by the Friend of the Court and deposited in an account from which wire transfers are made to the State. The balances and activity are substantially reduced from prior years, but this does not alleviate the necessity to perform a reconciliation.

We suggest that this bank account be reconciled on a monthly basis, reviewed by appropriate management, and the supporting documentation be retained for audit purposes.

5. Revenues and expenditures should be reported at actual gross amounts.

During the course of our audit, we noted that in certain instances revenues and expenditures were not being posted to the appropriate line items. Revenues and expenditures were, in certain instances (three (3) Special Revenue and one (1) Debt Service Fund), being posted to a revenue control account and expenditure control account, respectively. This misclassification resulted in understated revenues and expenditures and caused the trial balance to be out of balance.

We suggest the County review their line item posting procedures to assure that all revenues and expenditures are reported in the appropriate account.

6. Internal control procedures should be modified to control wristband sales at the Parks department.

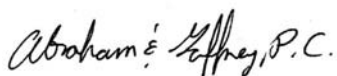
During the course of our testing at the Parks department, we noted that there appeared to be an on-going problem with wristband sales at the Parks department. Certain individuals are issued wristbands that they were to sell for admission to the park and then turn the money over to the County. Often the amount of money that was turned over by the individual was less than the number of wristbands sold multiplied by the per-person admission fee amount. The amounts of money involved were considered to be immaterial to the financial statements taken as a whole, but it is an internal control issue.

We suggest that internal control procedures at the Parks department be modified to require a full accounting of wristband proceeds from each seller. Each individual seller should be accountable for the expected amount collected from the number of wristbands sold. Full and accurate records should be kept of how many wristbands are issued, to whom, and the amount of money received after they are sold. Sellers that cannot regularly reconcile the amount sold and collected should not be allowed to sell wristbands in the future.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the financial statements and this report does not affect our report on the financial statements dated March 25, 2004.

This report is intended solely for the information of the Board of Commissioners and management of Barry County, pass-through grantors, the U.S. Departments of Health and Human Services, Housing and Urban Development, Justice and Agriculture, the Environmental Protection Agency, and the Federal Emergency Management Agency and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you, and to provide assistance in the implementation of improvements.



ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

March 25, 2004

**Barry County, Michigan**

**SUPPLEMENTARY INFORMATION  
TO FINANCIAL STATEMENTS  
(FEDERAL AWARDS)**

**December 31, 2003**



Barry County, Michigan

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Principals

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**ABRAHAM & GAFFNEY, P.C.**  
Certified Public Accountants

Member:  
American Institute of  
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and  
Michigan Association of  
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Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners  
of Barry County  
Hastings, Michigan

We have audited the compliance of Barry County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that is applicable to the major Federal programs for the year ended December 31, 2003. Barry County's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to the major Federal programs are the responsibility of Barry County's management. Our responsibility is to express an opinion on Barry County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major Federal programs occurred. An audit includes examining, on a test basis, evidence about Barry County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Barry County's compliance with those requirements.

In our opinion, Barry County complied, in all material respects, with the requirements referred to above that are applicable to the major Federal programs for the year ending December 31, 2003.

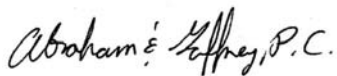
Internal Control Over Compliance

The management of Barry County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Barry County's internal control over compliance with requirements that could have a direct and material effect on the major Federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one (1) or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major Federal programs being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We have audited the basic financial statements of Barry County as of and for the year ended December 31, 2003, and have issued our report thereon dated March 25, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners and management of Barry County, the pass-through grantors, and the U.S. Departments of Health and Human Services, Housing and Urban Development, Justice and Agriculture, the Environmental Protection Agency, and the Federal Emergency Management Agency and is not intended to be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Abraham & Gaffney, P.C.".

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

March 25, 2004

Barry County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2003

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Restated (Memo Only) Prior Year Expenditures</u>	<u>Current Year</u>	
					<u>Revenues</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed through Michigan State Housing Development Authority Community Development Block Grant (CDBG) Program States Program <sup>(d)</sup> 03/04 (Housing)	14.228	MSC-2003-769-HOA	\$ 250,000	\$ -	\$ 191,918	\$ 191,918
Home Investment Partnerships Program <sup>(d)</sup> 01/03 Home	14.239	M-2000-769	333,300	266,686	57,999	57,999
02/04 Home		M-2001-769	250,000	-	-	-
			583,300	266,686	57,999	57,999
U.S. DEPARTMENT OF JUSTICE Office of Community Oriented Policing Services (COPS) (Direct Programs) COPS FAST (98-02)	16.710	1998CMWX1259	22,692	12,379	1,978	1,978
Passed through Michigan Family Independence Agency Juvenile Accountability 2003 Grant	16.523	JAIBG0308001	6,854	-	2,554	2,554
2002 Grant		JAIBG0208001	9,863	1,301	1,814	1,814
			16,717	1,301	4,368	4,368
2003 Basic Grant	16.540	N/A	15,000	-	14,102	14,102

Barry County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2003

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Restated (Memo Only) Prior Year Expenditures</u>	<u>Current Year</u>	
					<u>Revenues</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE - CONTINUED						
The Drug Control and System Improvement Grant Program Passed through State Department of Community Health and the State Office of Drug Control Policy Byrne Formula Grant Program						
	16.579					
02/03 Values Grant		70922-3K02	\$ 14,440	\$ 2,978	\$ 6,268	\$ 6,268
03/04 Juvenile Drug Court		9XDBV0026	89,520	-	19,381	19,381
02/03 Juvenile Drug Court		72084-1K02	76,600	-	39,413	39,413
03/04 Adult Drug Court		72049-2-03-B	56,000	-	6,237	6,237
02/03 Adult Drug Court		72049-1K02	27,400	-	26,817	26,817
			263,960	2,978	98,116	98,116
Office of Justice Programs Passed through Michigan State Police State Domestic Preparedness Equipment Support Grant						
	16.007	N/A	59,029	-	59,029	59,029
FEDERAL EMERGENCY MANAGEMENT AGENCY Passed through Michigan Department of State Police Police Emergency Management Assistance Program						
	83.552					
FY 02/03 Regular		N/A	24,850	-	24,850	24,850
FY 01/02 Supplemental		N/A	22	-	22	22
FY 02/03 Supplemental		N/A	51	-	51	51
			24,923	-0-	24,923	24,923
Supplemental Planning Grant						
2002 Supplemental	83.562	N/A	2,485	-	2,485	2,485

Barry County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2003

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Restated (Memo Only) Prior Year Expenditures</u>	<u>Current Year</u>	
					<u>Revenues</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Passed through State Department of Office on Services to the Aging and Region III-B Area Agency on Aging Title III-B Special Programs for the Aging <sup>(a)</sup>						
	93.044					
Grants for Supportive Services and Senior Centers						
FY 02/03		03BCCOA1	\$ 28,000	\$ 8,980	\$ 22,737	\$ 22,737
FY 03/04		04BCCOA1	<u>8,000</u>	<u>-</u>	<u>7,014</u>	<u>7,014</u>
			36,000	8,980	29,751	29,751
Title III-C Special Programs for the Aging <sup>(a)</sup>						
	93.045					
FY 02/03 Nutrition Congregate		03BCCOA1	32,495	6,425	24,817	24,817
FY 03/04 Nutrition Congregate		04BCCOA1	29,641	-	10,171	10,171
FY 02/03 Nutrition Home Delivered Meals		03BCCOA1	30,323	-	10,076	10,076
FY 03/04 Nutrition Home Delivered Meals		04BCCOA1	<u>13,322</u>	<u>-</u>	<u>9,023</u>	<u>9,023</u>
			105,781	6,425	54,087	54,087
Title III-E National Family Caregiver Support						
	93.052					
FY 02/03		03BCCOA1	6,900	-	6,900	6,900

## Barry County, Michigan

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2003

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Restated (Memo Only) Prior Year Expenditures</u>	<u>Current Year</u>	
					<u>Revenues</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED						
Passed through Michigan Family Independence Agency Child Support Enforcement <sup>(d)</sup> (Title IV-D)	93.563					
Cooperative Reimbursement - Friend of the Court <sup>(b)</sup>						
03/04		CS/FOC-04-08001	\$ 379,802	\$ -	\$ 73,769	\$ 73,769
02/03		CS/FOC-03-08001	315,497	89,612	219,985	219,985
Cooperative Reimbursement - Prosecuting Attorney <sup>(b)</sup>						
03/04		CS/PA-04-08002	26,781	-	5,074	5,074
02/03		CS/PA-03-08002-1	23,768	5,061	16,243	16,243
Medical Support Collection <sup>(b)</sup> - Friend of the Court FY 03/04		CS/MED-04-08001	14,885	3,594	10,552	10,552
Friend of the Court FY 02/03		CS/MED-03-08001	14,885	-	2,637	2,637
Incentive Payments <sup>(c)</sup> 2003 Regular		N/A	<u>39,727</u>	<u>-</u>	<u>39,727</u>	<u>39,727</u>
			815,345	98,267	367,987	367,987
Title IV-E (WRAP Program)						
03/04	93.558	WRAP-04-08001	38,885	-	11,465	11,465
02/03	93.558	WRAP-00-08001-4	<u>42,600</u>	<u>11,418</u>	<u>31,182</u>	<u>31,182</u>
			81,485	11,418	42,647	42,647
03/04	93.556	WRAP-04-08001	25,923	-	7,644	7,644
02/03	93.556	WRAP-00-08001-4	<u>28,400</u>	<u>7,611</u>	<u>20,789</u>	<u>20,789</u>
			54,323	7,611	28,433	28,433

Barry County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2003

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Restated Program Award Amount</u>	<u>Restated (Memo Only) Prior Year Expenditures</u>	<u>Current Year</u>	
					<u>Revenues</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED						
Passed through Bureau of Substance Abuse Services and Region 9 Substance Coordinating Agency <sup>(e)(f)</sup>						
02/03 Substance Abuse Services	93.959	N/A	\$ 215,286	\$ -	\$ 215,286	\$ 215,286
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Passed through the Michigan Department of Environmental Quality						
Drinking Water State Revolving Funds <sup>(d)</sup>	66.468	N/A	650,000	-	121,197	121,197
U.S. DEPARTMENT OF AGRICULTURE						
Passed through State Department of Office on Services to the Aging and Region III-B Area Agency on Aging						
Nutrition Services Incentive	10.570					
02/03 Elderly Feeding		03BCCOA1	27,500	6,148	19,268	19,268
03/04 Elderly Feeding		04BCCOA1	<u>21,500</u>	<u>-</u>	<u>11,650</u>	<u>11,650</u>
			<u>49,000</u>	<u>6,148</u>	<u>30,918</u>	<u>30,918</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 3,252,226</u>	<u>\$ 422,193</u>	<u>\$ 1,352,124</u>	<u>\$ 1,352,124</u>



NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2003

**NOTE A: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Barry County, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements, which are reconciled in Note C.

Federal Awards of the Barry County Road Commission, Barry County Transit, and Barry County Medical Care Facility are excluded from the accompanying Schedule of Expenditures of Federal Awards. These component units are audited by other auditors with reports issued under separate covers. Single Audits, where applicable, were conducted by those other auditors and included in the applicable reports. To view copies of those reports contact the respective administrative offices of the component units or the Barry County Administrators office.

**NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE**

The following descriptions identified below as (a)-(f) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Programs considered a cluster by the U.S. Department of Health and Human Services.
- (b) Reimbursements of these contracts are passed through the State Family Independence Agency. The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 66% of total contract expenditures.
- (c) The reimbursements for the IV-D Incentive Payments Program are based on support payments collected. Expenditures have been reported to the extent of earned revenues.
- (d) Denotes programs tested as "major programs".
- (e) Reimbursement of this contract is passed through the Michigan Department of Community Health, Bureau of Substance Abuse Services, and Region 9 Substance Abuse Coordinating Agency. The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 75% of total contract expenditures for primary prevention and 75% of total contract expenditures for treatment activities and 100% of total contract expenditures for women's staffing activities and synar prevention.
- (f) This program is reported as of the fiscal year-end of September 30, 2003.

Barry County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2003

**NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The following reconciles the Federal revenues reported in the December 31, 2003, basic financial statements to the expenditures of the County administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

	Federal/ State <u>Revenue</u>	<u>Adjustments</u>	Less State <u>Revenue</u>	Federal <u>Expenditures</u>
<b>PRIMARY GOVERNMENT</b>				
<b>GENERAL FUND</b>				
CRP - Prosecuting Attorney	\$ 34,706	\$ -	\$( 13,389 )	\$ 21,317
CRP - Friend of the Court	468,282	-	( 174,528 )	293,754
CRP - Medical	19,984	-	( 6,795 )	13,189
Community Oriented Policing	1,978	-	-	1,978
ADC Maintenance Assistance	39,727	-	-	39,727
Emergency Management	27,408	-	-	27,408
State Domestic Preparedness	59,029	-	-	59,029
Other Programs	<u>2,158,442</u>	<u>-</u>	<u>( 2,158,442 )</u>	<u>-0-</u>
<b>TOTAL GENERAL FUND</b>	<b>2,809,556</b>	<b>-0-</b>	<b>( 2,353,154 )</b>	<b>456,402</b>
<b>SPECIAL REVENUE FUNDS</b>				
Values Grant	6,268	-	-	6,268
Substance Abuse	296,554	-	( 81,268 )	215,286
MSHDA - HOME Program	57,999	-	-	57,999
Commission on Aging	285,511	-	( 163,855 )	121,656
CDBG - Housing	191,918	-	-	191,918
Child Care Probate	357,513	-	( 267,963 )	89,550
Adult Drug Court	99,420	-	( 66,366 )	33,054
Drug Court	84,731	-	( 25,937 )	58,794
Other Programs	<u>374,930</u>	<u>-</u>	<u>( 374,930 )</u>	<u>-0-</u>
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>1,754,844</b>	<b>-0-</b>	<b>( 980,319 )</b>	<b>774,525</b>
<b>COMPONENT UNIT FUNDS</b>				
Yankee Springs Water Tower	<u>-</u>	<u>175,778<sup>(1)</sup></u>	<u>( 54,581 )</u>	<u>121,197</u>
	<u>\$ 4,564,400</u>	<u>\$ 175,778</u>	<u>\$( 3,388,054 )</u>	<u>\$ 1,352,124</u>

- (1) The adjustment related to the Board of Public Works Capital Projects (Yankee Springs Water Tower) Fund represents U.S. Environmental Protection Agency loan proceeds which are reported in the financial statements as other financing sources in accordance with accounting principles generally accepted in the United States of America (GAAP). These funds were recognized in the Schedule of Expenditures of Federal Awards as of December 31, 2003 as required by the U.S. Environmental Protection Agency.

Principals

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REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners  
of Barry County  
Hastings, Michigan

We have audited the basic financial statements of Barry County, Michigan as of and for the year ended December 31, 2003, and have issued our report thereon dated March 25, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

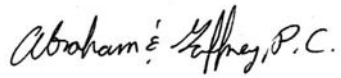
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Barry County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We did note other matters involving the internal control over financial reporting that we have reported to the management of Barry County, Michigan in a separate letter dated March 25, 2004.

This report is intended solely for the information of management, the Board of Commissioners and management of Barry County, pass-through grantors, the U.S. Departments of Health and Human Services, Housing and Urban Development, Justice and Agriculture, the Environmental Protection Agency, and the Federal Emergency Management Agency and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Abraham & Gaffney, P.C.".

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

March 25, 2004

Barry County, Michigan

SCHEDULE OF FINDINGS

Year Ended December 31, 2003

SUMMARY OF AUDITOR'S RESULTS

An unqualified opinion was issued on the basic financial statements. We noted no instances of noncompliance with laws, regulations, contracts and grants that could have a direct and material effect on the basic financial statements. The County did not qualify as a low-risk auditee.

An unqualified opinion was issued on compliance for major programs. We did not disclose any findings regarding internal controls or compliance related to the major programs tested.

The major programs tested to cover 50 percent of the total Federal expenditures were the Community Development Block Grant, States Program (CFDA 14.228); Community Development Block Grant, HOME Investment Partnerships Program (CFDA 14.239); Drinking Water Revolving Funds (CFDA 66.468); and the Child Support Enforcement (Title IV-D)(CFDA 93.563) programs. Total Federal expenditures for the year ended December 31, 2003 for the major programs were \$739,101, which is approximately 55 percent of total Federal expenditures.

The County had one (1) Type A program, the Child Support Enforcement Program (Title IVD) (CFDA 93.563). Programs of less than \$300,000 were determined to be Type B programs.

FINDINGS/NONCOMPLIANCE

Reportable Conditions Related to Internal Control Over the Basic Financial Statements.

None

Findings Related to Compliance with Requirements Related to the Basic Financial Statements.

None

Findings Related to Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.

None

Barry County, Michigan

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2003

FINDINGS/NONCOMPLIANCE

Reportable Conditions Related to Internal Controls Over the Financial Statements.

No prior audit findings.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

No prior audit findings.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with OMB Circular A-133.

No prior audit findings.